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LISTING STATEMENT NO. 2342.

LISTED FEBRUARY 10, 1969.

120,000 6½ % Cumulative Redeemable Class "B" Preference Shares, First Series of \$25 par value each to trade initially on a basis of "Cum 5 Common Shares".
Stock Symbol "CAD B PR".
Post Section 10.
Dial Quotation No. 1561.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

CADILLAC DEVELOPMENT CORPORATION LIMITED

A Company continued under the laws of the Province of Ontario
by Letters Patent of amalgamation dated January 1, 1965

6½ % Cumulative Redeemable Class B Preference Shares, First Series with a par value of \$25.00 each and Common Shares without par value, (transferable in Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver)

CAPITALIZATION AS AT DECEMBER 18, 1968

DESIGNATION OF SECURITIES	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
SHARE CAPITAL			
6% Non-Cumulative Non-Voting Non-participating Redeemable Class A Preference Shares with a par value of \$10 each	153,350	153,350	Nil
Cumulative Class B Preference Shares with a par value of \$25 each;	400,000		
120,000 are designated as 6½ % Cumulative redeemable Class B Preference Shares, First Series		120,000	120,000
Common Shares—no par value	15,000,000	9,091,519	10,735,367 (1)

NOTE—The common shares were not posted for trading at the time of posting the Class "B" Preference Shares, First Series.

FUNDED DEBT (2)

Bank loans payable in instalments	\$ 5,471,000	Nil
Other loans	7,976,000	Nil
Mortgages	104,930,000	Nil

DEBENTURES (2)

6½ % Debenture, Series A, due 1969 (3)	1,748,313	Nil
8½ % Debenture, Series B, due 1970	701,220	Nil
8½ % Debenture, Series C, due 1987	1,970,000	Nil
8½ % Debenture, Series D, due 1988	1,980,000	Nil
8% Sinking Fund Debentures, Series E, due December 15, 1988	3,000,000	Nil

(1) of which 1,643,848 are subject to issuance.

(2) after giving effect to the financing of the Company completed December 18, 1968 all as more particularly hereinafter referred to.

(3) renewable until 1979.

1.

APPLICATION

CADILLAC DEVELOPMENT CORPORATION LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 120,000 6½ % cumulative redeemable Class B Preference Shares, First Series, with a par value of \$25 each in the capital of the Company each carry-

ing the right to receive five of the common shares hereinafter referred to, and 10,735,367 Common Shares without par value in the capital of the Company of which all of the preference and 9,091,519 of the Common Shares are issued and outstanding as fully paid and non-assessable. The remaining 1,643,848 Common Shares included in this application have been reserved as follows:

- (a) For issue pursuant to an option granted to the holder of the Series C and Series D Debentures referred to in the above capitalization table—1,552,903;
- (b) For issue to certain employees of the Company pursuant to the Company's Employee Share Purchase Plan—91,267;

For further particulars reference is made to the heading "Rights to Purchase Common Shares of the Company" on page 22 of the attached prospectus.

2. REFERENCE TO PROSPECTUS

Reference is made to the prospectus of the Company dated December 2, 1968 (hereinafter called the "Prospectus") with respect to the offering of:

- (a) \$3,000,000 8% Sinking Fund Debentures, Series E due December 15, 1988 and 600,000 Common Shares of the Company in Units each consisting of a \$500 debenture and 100 Common Shares, and
- (b) 120,000 6½% Cumulative Redeemable Class B Preference Shares, First Series and 600,000 Common Shares of the Company in Units each consisting of one Preference Share and five Common Shares.

A copy of the Prospectus is attached and is hereby incorporated in this application and made a part hereof.

3. HISTORY AND NATURE OF BUSINESS

Reference is made to the heading "BUSINESS OF THE COMPANY" on page 3 and to the sub-headings, "History", "Income Producing Properties held for Investment", "Cadillac Homes" and "General Contracting" on pages 3, 4, 7 and 8 respectively of the Prospectus.

4. INCORPORATION

The Company is a corporation continued under The Corporations Act (Ontario) by letters patent of amalgamation dated January 1, 1965, confirming an amalgamation agreement dated October 26, 1964 entered into by 29 affiliated companies including a company (hereinafter called the "Old Company") then known as Cadillac Development Corporation Limited being a company incorporated under the laws of the Province of Ontario by letters patent dated November 29, 1963. The said letters patent of amalgamation (as amended by supplementary letters patent dated January 1, 1965) provided that the authorized capital of the Company consisted of 400,000 non-voting, non-cumulative redeemable Preference Shares with a par value of \$10 each and 1,000,000 Common Shares without par value.

Supplementary letters patent have been issued to the Company as follows:

- (a) July 29, 1965—
 - (i) increasing the authorized capital of the Company by creating 20,000 cumulative redeemable Class A Preference Shares with a par value of \$10 each; and
 - (ii) re-classifying the then existing 400,000 Preference Shares of the Company into 400,000 Class B Preference Shares;
- (b) November 21, 1968—
 - (i) converting the Company into a public company;
 - (ii) subdividing the 516,360 then issued and the 483,640 then unissued Common Shares of the Company into 7,599,786 issued and 7,400,214 unissued Common Shares respectively;
 - (iii) decreasing the authorized capital of the Company by cancelling the 137,542 then unissued Class B Preference Shares;
 - (iv) reclassifying the 153,350 then issued Class B Preference Shares as 153,350 6% non-cumulative non-voting non-participating redeemable Class A Preference Shares; and
 - (v) increasing the authorized capital of the Company by creating 400,000 cumulative Class B Preference Shares with a par value of \$25 each issuable in series; and
- (c) November 27, 1968—designating 120,000 Class B Preference Shares as 6½% cumulative redeemable Class B Preference Shares, First Series.

5. SHARES ISSUED SINCE AMALGAMATION

(a) COMMON SHARES

<u>Date of Issue</u>	<u>No. of Shares</u>	<u>Amount Per Share</u>	<u>Total</u>	<u>Purpose of Issue</u>
January 4/65	102 (1)	Nil	Nil	(2)
January 4/65	516,258 (1)	Nil	Nil	(3)
November 21/68	7,083,426	Nil	Nil	To give effect to 14.718 for 1 stock split
December 11/68	246,000	\$5.00	\$1,230,000	Issued to certain executives under the Company's Executive Share Purchase Plan

<u>Date of Issue</u>	<u>No. of Shares</u>	<u>Amount Per Share</u>	<u>Total</u>	<u>Purpose of Issue</u>
December 11/68	15,716	\$5.00	\$ 78,580	Issued to the same executives
December 11/68	30,017	\$5.00	\$ 150,085	Issued to certain employees pursuant to the Company's Employee Share Purchase Plan (4)
December 18/68	1,200,000	\$4.75	\$5,700,000	Issued pursuant to an underwriting agreement to provide capital for the Company

- (1) Before giving effect to a 14.718 for 1 stock split.
- (2) Issued in accordance with the Amalgamation Agreement to replace the common shares of the Old Company owned by the directors of the Old Company.
- (3) Issued in accordance with the Amalgamation Agreement to replace the shares of the Old Company owned by the shareholders thereof. Initially the 516,258 common shares issued by the Old Company were issued to acquire the shares of certain subsidiaries and affiliates whose assets now form part of the assets of the Company. The shares so acquired were considered at the time of acquisition to be in all the circumstances the fair equivalent of \$5,164,268.
- (4) Under the provisions of the Employee Share Purchase Plan, employees of the Company have agreed to purchase an additional 3,591 common shares which will be issued in December, 1970.

(b) CLASS "A" PREFERENCE SHARES (1)

<u>Date of Issue</u>	<u>No. of Shares</u>	<u>Amount Per Share</u>	<u>Total</u>	<u>Purpose of Issue</u>
March 1/65	18,000	\$10.00	\$180,000	But for the shares issued May 15, 1968 and November 1, 1968 all of these shares were issued to shareholders in accordance with the terms of a shareholders agreement dated December 14, 1963 to provide capital for the Company. The shares issued on May 15 and November 1, 1968 were issued as and by way of a stock dividend on the Common Shares of the Company.
June 30/65	21,500	10.00	215,000	
August 10/65	80,000	10.00	800,000	
January 3/66	43,000	10.00	430,000	
June 30/66	14,000	10.00	140,000	
January 4/67	11,500	10.00	115,000	
July 3/67	6,500	10.00	65,000	
January 2/68	19,500	10.00	195,000	
May 15/68	22,294	—	—	
May 16/68	2,580	10.00	25,800	
November 1/68	22,294	—	—	
November 4/68	1,290	10.00	12,900	
Total:	262,458			

- (1) as presently constituted.
- (2) in the aggregate 109,108 of the said shares have been redeemed by the Company at par.

(c) CLASS "B" PREFERENCE SHARES, FIRST SERIES (1)

<u>Date of Issue</u>	<u>No. of Shares</u>	<u>Amount Per Share</u>	<u>Total</u>	<u>Purpose of Issue</u>
December 18/68	120,000	\$25.00 (2)	\$3,000,000 (2)	Issued pursuant to an underwriting agreement to provide capital for the Company.

- (1) as presently constituted.
- (2) subject to the payment of a commission in respect thereof of \$1.00 per share or a total of \$120,000.

(d) (OLD) CLASS "A" SHARES (1)

<u>Date of Issue</u>	<u>No. of Shares</u>	<u>Amount Per Share</u>	<u>Total</u>	<u>Purpose of Issue</u>
August 10/65	20,000	\$10.00	\$200,000	Issued to a shareholder of the Company to provide capital for the Company.

- (1) as constituted prior to supplementary letters patent dated November 21, 1968. All of the said shares were redeemed on August 9, 1967 at par.

6. PREFERENCE SHARE PROVISIONS

Pages 35 to 43 inclusive of the Prospectus contain the complete text of the preferences, rights, conditions, restrictions, limitations, prohibitions and provisions attaching to:

- (a) the 6% non-cumulative, non-voting, non-participating redeemable Class A Preference Shares;
- (b) the cumulative Class B Preference Shares as a class; and
- (c) the 6½% cumulative redeemable Class B Preference Shares, First Series.

A summary description of certain attributes of the 6% non-cumulative, non-voting, non-participating redeemable Class A Preference Shares is found on page 17 of the Prospectus, and a description of the material attributes and characteristics of the 6½% cumulative redeemable Class B Preference Shares, First Series is found on pages 17, 18 and 19 of the Prospectus.

The third paragraph on page 19 of the Prospectus deals with the Common Shares of the Company.

7. **DIVIDEND RECORD**

For particulars reference is made to the heading "DIVIDEND RECORD" on page 19 of the Prospectus.

8. **PROPERTIES OF THE COMPANY**

For a brief description of the properties of the Company, reference is made to pages 4, 5, 6, 7 and 8 of the Prospectus. Its head office premises are leased by the Company.

9. **SUBSIDIARY COMPANIES**

Reference is made to the last two paragraphs under the heading "THE COMPANY" on page 3 of the Prospectus. In addition set forth on pages 7 and 8 of this Application is a more detailed list of the Company's subsidiaries. The Company does not control any company which is not a subsidiary.

10. **FUNDED DEBT**

For particulars of the funded debt of the Company and its subsidiaries, reference is made to the heading "CAPITALIZATION" on page 9 of the Prospectus and to the Financial Statements of the Company commencing on page 26 of the Prospectus with particular reference to Notes 9, 10, 11, 12 and 13 thereto.

11. **UNDERWRITING AGREEMENT**

For particulars reference is made to the heading "UNDERWRITING" on page 10 of the Prospectus.

12. **OPTIONS**

For particulars reference is made to the heading "RIGHTS TO PURCHASE COMMON SHARES OF THE COMPANY" on page 22 of the Prospectus.

13. **LISTINGS**

No subsidiary or company controlled by the Company is listed on any other stock exchange.

14. **STATUS UNDER SECURITIES ACTS**

The offering of \$3,000,000 8% Sinking Fund Debentures, Series E due December 15, 1988 and 600,000 Common Shares of the Company in Units each consisting of a \$500 debenture and 100 Common Shares; and 120,000 6½% Cumulative Redeemable Class B Preference Shares, First Series and 600,000 Common Shares of the Company in Units each consisting of one Preference Share and five Common Shares, was qualified for sale through registered securities dealers in Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia in December, 1968.

15. **FISCAL YEAR**

The fiscal year of the Company ends on December 31 in each year.

16. **ANNUAL MEETINGS**

The by-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or at such other place in Ontario on such date in each year as the board of directors may determine from time to time. The last annual meeting was held on April 8, 1968.

17. **HEAD AND OTHER OFFICES**

The head office is located at 2171 Avenue Road, Toronto 20, Ontario, Canada. The Company has no other offices.

18. **TRANSFER AGENTS AND REGISTRARS**

The Transfer Agent and Registrar for the Common Shares of the Company is Montreal Trust Company at its principal offices in Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

The Transfer Agent and Registrar for the 6½% Cumulative Redeemable Class B Preference Shares, First Series is Guaranty Trust Company of Canada at its principal offices in Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

19. **TRANSFER FEE**

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

20. **AUDITORS**

The auditors of the Company are Messrs. Touche, Ross, Bailey & Smart, Chartered Accountants, 200 University Avenue, Toronto, Ontario.

21. **DIRECTORS AND OFFICERS**

Reference is made to the heading "MANAGEMENT OF THE COMPANY" on page 21 of the Prospectus.

New Issues



\$12,000,000

Cadillac Development Corporation Limited

\$3,000,000 8% Sinking Fund Debentures, Series E, due December 15, 1988

and

600,000 Common Shares without par value

Offered in Units each consisting of a \$500 Debenture and 100 Common Shares

120,000 6½% Cumulative Redeemable Class B Preference Shares, First Series

(with a par value of \$25 per share)

and

600,000 Common Shares without par value

Offered in Units each consisting of 1 Preference Share and 5 Common Shares

	Prices to Public	Underwriters' Discount or Commission	Proceeds to Company ⁽²⁾
UNITS OF DEBENTURE AND COMMON SHARES:			
Per unit.....	\$ 1,000.00 ⁽¹⁾	\$ 40.00	\$ 960.00 ⁽¹⁾
Total.....	\$ 6,000,000 ⁽¹⁾	\$240,000	\$ 5,760,000 ⁽¹⁾
UNITS OF PREFERENCE AND COMMON SHARES:			
Per unit.....	\$ 50.00	\$ 2.25	\$ 47.75
Total.....	\$ 6,000,000	\$270,000	\$ 5,730,000
AGGREGATE TOTAL.....	\$12,000,000 ⁽¹⁾	\$510,000	\$11,490,000 ⁽¹⁾

(1) Plus accrued interest on the Debentures.

(2) Before deduction of expenses, estimated at \$125,000.

In the opinion of counsel, the 8% Sinking Fund Debentures, Series E will be an investment in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act and will also be an investment in which Schedule C to the Regulations under the Pension Benefits Standard Act states that the funds of a pension plan thereunder may be invested without resorting to the provisions of Section 4 of the said Schedule C.

We, as principals, offer these Units if, as and when issued and accepted by us and subject to prior sale and to the approval of all legal matters on behalf of the Company by Messrs. Goodman & Goodman, Toronto and on our behalf by Messrs. Borden, Elliot, Kelley & Palmer, Toronto who may rely on the opinion of the Company's counsel as to matters of title.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Units of Debentures and Common Shares in interim fully registered form and interim Preference Share certificates representing the Units of Preference and Common Shares will be available for delivery on or about December 18, 1968. Each Unit will be transferable only as such until June 18, 1969 or such earlier date as the Company may designate on not less than fourteen days' notice to the registered holder of such Unit.

McLEOD, YOUNG, WEIR & COMPANY LIMITED

TORONTO MONTREAL OTTAWA WINNIPEG LONDON VANCOUVER HAMILTON CALGARY
KITCHENER QUEBEC SHERBROOKE WINDSOR EDMONTON REGINA VICTORIA NEW YORK
LONDON, ENGLAND PARIS, FRANCE

December 2, 1968

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THE COMPANY

Cadillac Development Corporation Limited (the "Company") is an integrated real estate and development company which is engaged in many important aspects of real estate development—the acquisition of land for development of income producing residential properties; the acquisition of land for development for its housing activities; the acquisition and development of land for sale; design and architectural services for its income producing properties; the construction of buildings for its own account and for others, and a full range of management services. The major activity of the Company has been directed toward the development and ownership of income producing property and the prime functions of the other divisions of the Company have been to provide capital for the foregoing objectives and important services related to the Company's business, as well as profit for the Company.

The Company, whose principal and head office is located at 2171 Avenue Road, Toronto, Ontario, is a corporation continued under The Corporations Act (Ontario) by letters patent of amalgamation dated January 1, 1965, confirming an amalgamation agreement dated October 26, 1964 entered into by 29 affiliated companies. The Company has obtained supplementary letters patent dated November 21, 1968 and November 27, 1968 changing it to a public company and altering its authorized capital.

The Company has six active wholly owned subsidiaries. In addition it has a share interest in eight other companies including about 41% of the shares of Canadian Equity & Development Company Limited and 33⅓% of the shares of Continuous Colour Coat Limited. For further particulars of Canadian Equity & Development Company Limited, reference is made to pages 8 and 23. Continuous Colour Coat Limited is engaged in the processing of steel products.

BUSINESS OF THE COMPANY

History

In 1953 Cadillac Contracting & Developments Limited was formed with A. Ephraim Diamond and Joseph Berman, both professional engineers, as its managing executives. Their primary objective was to develop and build income producing real estate to be held for investment and, to support and further this objective, to engage in building houses for sale, to develop land both for single and multiple family dwellings and to engage in the general contracting business.

In 1961 the organization was broadened by the addition of John H. Daniels, an architect, and Gerald J. Shear, a chartered accountant. Mr. Daniels had been active as a professional architect and in the development for his own account of income producing real estate in Metropolitan Toronto, while Mr. Shear was a principal in a public accounting firm and engaged in the management of a real estate development company.

The principals of the Company had a common philosophy for the development of real estate both with respect to properties developed by the Company for its own investment and with respect to properties built by it for sale, namely, that the location of real estate is paramount but once a desirable location is obtained competent design, engineering, construction and management facilities become equally important ingredients of a sound real estate development. The extent of the success with which the Company has hitherto combined the objectives and philosophy of its principals is illustrated by the following table:

	Year ended December 31				7 months ended July 31, 1968
	1964	1965	1966	1967	
Extent of Company's interest in:					
Completed multiple family residential units...	2,084	3,213	4,850	6,624	7,472
Multiple family residential units under construction.....					2,758
Multiple family residential units for which land is held and now zoned for development...					4,979
Total assets.....	\$41,400,000	\$78,400,000	\$96,200,000	\$122,300,000	\$157,000,000
Gross rental income.....	2,133,000	3,919,000	6,989,000	11,270,000	8,129,000
Net rental income.....	396,000	747,000	1,445,000	1,917,000	1,327,000
Net revenue from housing, land sales, general contracting, etc.....	422,000	986,000	1,199,000	1,268,000	1,015,000
Net income before deferred income taxes.....	342,000	1,216,000	2,276,000	2,661,000	1,877,000
Net income per Common Share*.....	4.5¢	15.6¢	28.5¢	33.5¢	24.0¢

*After adjusting for 14.718 for 1 stock split and after payment of dividends on all preference shares, but before provision for deferred income taxes.

Prior to 1963 the activities referred to above were carried on through a number of companies. In 1963 the decision was made to consolidate the operations of these numerous companies, and accordingly, Cadillac

Development Corporation Limited (the "Holding Company") was incorporated and acquired all of the shares of 23 real estate companies and some of the shares of 18 other real estate companies, in exchange for its common shares. In December, 1963 Traders Group Limited purchased debentures of the Holding Company and in 1964 acquired by subscription and purchase in the aggregate 20% of the shares of the Holding Company. On January 1, 1965 the Holding Company and 28 subsidiaries were amalgamated to create the Company in its present form.

Income Producing Properties Held for Investment

Buildings

The Company effectively owns 7,472 completed apartment and town house suites and 2,758 apartment and town house suites presently under construction. The Company's completed apartment and town house developments are currently almost fully occupied. Particulars of all these income producing properties are contained in the table on page 6. Reference is also made to the map on page 5.

As at July 31, 1968 the depreciated book value of the Company's interest in the completed properties referred to above was approximately \$92,000,000 subject to specific mortgages affecting each of such properties in the aggregate principal amount of approximately \$79,000,000.

The six developments under construction are at varying stages of completion and the Company has obtained a commitment for permanent first mortgage financing for each development. Although the properties are presently encumbered by temporary mortgages or partially advanced permanent mortgages which aggregate approximately \$16,000,000, these projects, when completed, will be subject to mortgages in the aggregate principal amount of approximately \$36,000,000.

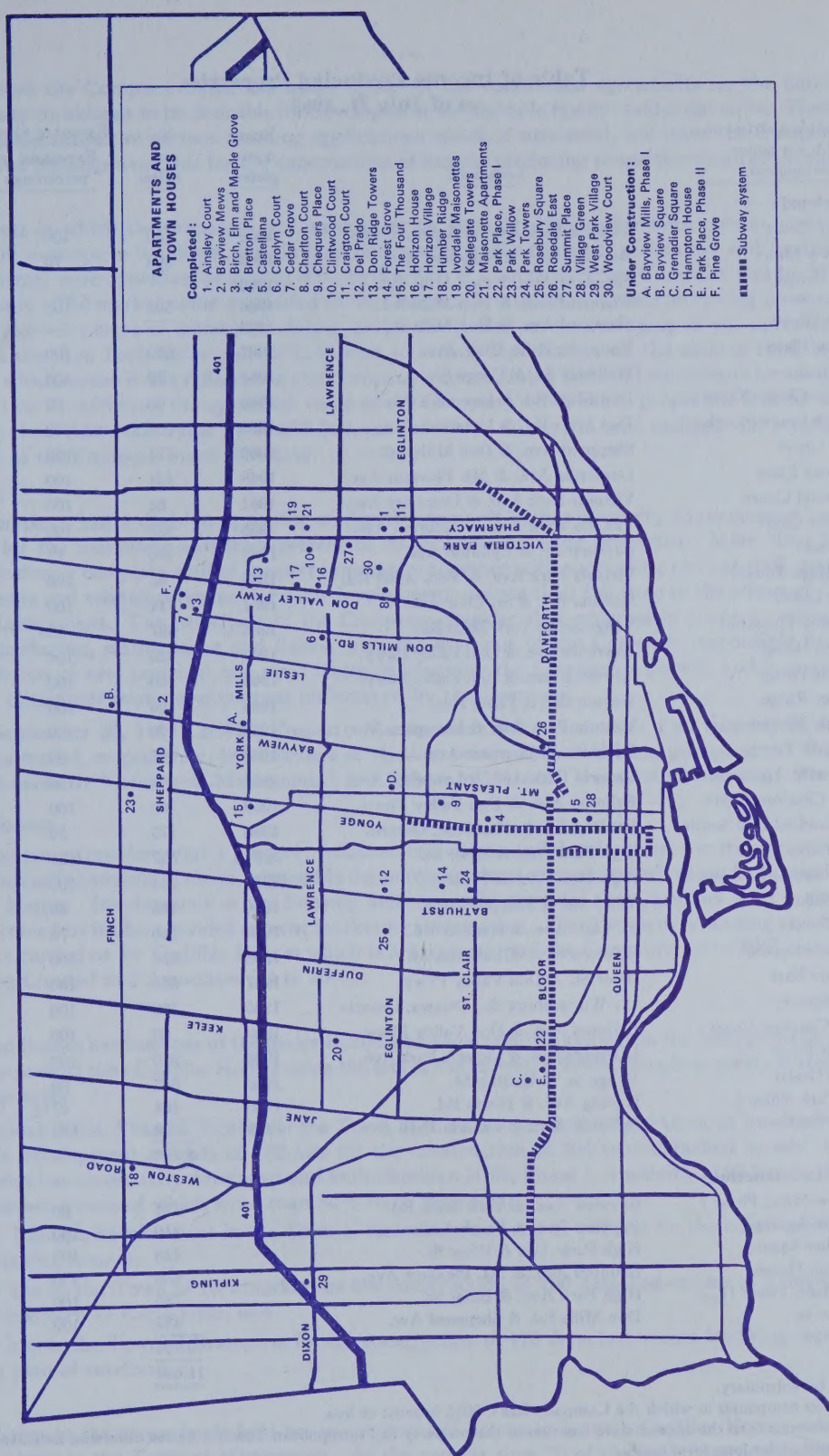
Several of the more recent projects of the Company include commercial space and extensive recreational facilities for the use and enjoyment of tenants. At the present time 1,378 apartment suites owned by the Company are centrally air conditioned.

Lands

The Company has an interest in lands zoned to permit the construction of income producing properties which will comprise 4,979 multiple family residential units as listed below:

<u>Project and description</u>	<u>Location</u>	<u>Units (extent of Company's interest)</u>	<u>Projected commencement date</u>
University City—an integrated apartment and town house development containing appropriate related commercial space, recreational facilities, schools and parks.	Keele Street and Finch Avenue, Borough of North York	2,600	1969
Parkway Forest, Phase II—the remainder of a large, integrated apartment and town house development containing appropriate related commercial space, recreational facilities, schools and parks.	Sheppard Avenue and Don Mills Road, Borough of North York	973	1969
Rosebury Square West—an apartment development containing commercial facilities.	Rosebury Road and Elm Ridge Drive, Borough of York	688	1969
Plaza 100—an air conditioned, electrically heated 29-storey apartment building.	One Hundred Wellesley Street East, City of Toronto	413	1969
Bayview Mews Place—an apartment project presently estimated at 250 suites.	Bayview Avenue and Sheppard Avenue, Borough of North York	175	1969
Bayview Mills, Phase II—the second phase of a luxury, air conditioned town house complex.	Bayview Avenue and York Mills Road, Borough of North York	130	1969
		<u>4,979</u>	

LOCATION OF APARTMENTS AND TOWN HOUSES IN METROPOLITAN TORONTO



**Table of Income Producing Properties
as of July 31, 1968**

Company's apartment and town house developments	Location†	Year com- pleted	No. of suites	Extent of Company's interest	
				Expressed in percentage	Expressed in no. of suites
Completed:					
Ainsley Court	Victoria Park Ave. & Eglinton Ave.	1958	56	100	56
Bayview Mews	Bayview Ave. & Sheppard Ave.	1966	304	70	213
Birch Grove	Sheppard Ave. & Don Mills Rd.	1966	505	100	505
Elm Grove	Sheppard Ave. & Don Mills Rd.	1966			
Maple Grove	Sheppard Ave. & Don Mills Rd.	1966			
§Bretton Place	Yonge St. & St. Clair Ave.	1967	629	100	629
Castellana	Wellesley St. & Yonge St.	1964	72	100	72
†Carolyn Court (North)	Don Mills Rd. & Lawrence Ave.	1960	66	50	33
†Carolyn Court (South)	Don Mills Rd. & Lawrence Ave.	1960	66	50	33
Cedar Grove	Sheppard Ave. & Don Mills Rd.	1966	114	100	114
Chequers Place	Davisville Ave. & Mt. Pleasant Ave.	1968	481	100	481
Clintwood Court	Victoria Park Ave. & Lawrence Ave.	1961	64	100	64
Craigton Court	Victoria Park Ave. & Eglinton Ave.	1958	125	100	125
*Del Prado	Bathurst St. & Eglinton Ave.	1965	156	75	117
Don Ridge Towers	Victoria Park Ave. & York Mills Rd.	1963	65	100	65
Forest Grove	Spadina Rd. & St. Clair Ave.	1964	114	100	114
§The Four Thousand	Yonge St. & York Mills Rd.	1963	307	50	154
Horizon House	Lawrence Ave. & Don Valley Pkwy.	1964	226	100	226
Horizon Village	Lawrence Ave. & Don Valley Pkwy.	1965	160	100	160
*Humber Ridge	Weston Rd. & Finch Ave.	1962	190	100	190
Ivordale Maisonettes	Victoria Park Ave. & Lawrence Ave.	1958	60	100	60
†Keelegate Towers	Keele St. & Lawrence Ave.	1963	187	50	93
Maisonette Apartments	Victoria Park Ave. & Lawrence Ave.	1957	84	100	84
North Charlton Court	Eglinton Ave. & Don Valley Pkwy.	1959	60	100	60
One Hundred Bay South	100 Bay South, Hamilton, Ontario	1966	175	50	88
Park Place, Phase I	High Park Ave. & Bloor St.	1968	750	100	750
Park Place—The Tower	High Park Ave. & Bloor St.	1968	201	100	201
Park Willow	Yonge St. & Sheppard Ave.	1966	496	66⅔	331
§Park Towers	St. Clair Ave. & Spadina Rd.	1966	540	75	405
Rosebury Square	Eglinton Ave. & Bathurst St.	1968	368	100	368
Rosedale East	Bloor St. & Don Valley Pkwy.	1967	550	100	550
The Seignior	111 Wurtemburg St., Ottawa, Ontario	1965	199	100	199
South Charlton Court	Eglinton Ave. & Don Valley Pkwy.	1959	60	100	60
Summit Place	Lawrence Ave. & Victoria Park Ave.	1966	250	100	250
Village Green	Yonge St. & Carlton St.	1966	687	50	343
*†West Park Village	Kipling Ave. & Dixon Rd.	1965	464	47½	220
Woodview Court	Eglinton Ave. & Victoria Park Ave.	1958	59	100	59
			8,890		7,472
Under Construction:					
Bayview Mills, Phase I	Bayview Ave. & York Mills Rd.		181	80	145
Bayview Square	Bayview Ave. & Finch Ave.		310	100	310
Grenadier Square	High Park Ave. & Bloor St.		648	100	648
Hampton House	Eglinton Ave. & Mt. Pleasant Ave.		438	100	438
Park Place, Phase II	High Park Ave. & Bloor St.		785	100	785
Pine Grove	Don Mills Rd. & Sheppard Ave.		432	100	432
			2,794		2,758
			11,684		10,230

*Owned by subsidiary.

†Owned by companies in which the Company has a 50% interest or less.

‡Each reference is to the approximate location of the property in Metropolitan Toronto unless otherwise indicated.

§Land held under long term leases.

In addition the Company owns, has under option or has conditional agreements for the purchase of lands which are considered to be desirable for development for multiple family residential units. These lands are presently the subject of various rezoning applications which, if successful, will leave the Company with significant land holdings available for the construction of income producing properties on an economic basis.

Appraisals

The assets in which the Company had an interest on June 30, 1967 (other than certain lands not rezoned, certain incomplete buildings, certain land and houses in the course of realization and furniture and other equipment) were appraised as at that date by Eastern & Chartered Trust Company and by Montreal Trust Company. The market value attributed to the Company's interest in income producing properties and land held for development of income producing properties (based on an averaging of the appraisals) was greater than the then book value thereof (adjusted to reflect depreciation on the sinking fund basis) by \$22,441,000 which excess is not reflected in the Company's consolidated financial statements forming part of this prospectus. In addition, the appraised value of the Company's interest in properties held for sale was greater than their then book value by \$1,370,000, part of which excess has been realized and is reflected in the earnings of the Company since that date.

Management

The Company has a division operating under the name "Cadillac Property Management" which is responsible for the marketing and management of its income producing properties. More than 250 employees, including a complete staff of property managers together with supporting clerical staff, apartment superintendents and related personnel for each development, devote their full time to the affairs of Cadillac Property Management. The principals of the Company consider that progressive property management (including marketing, maintenance and liaison with the divisions of the Company responsible for design and construction of new projects) is a vital factor in planning the Company's growth and in maximizing the benefits obtainable from developments undertaken by the Company.

Until September 30, 1968 Cadillac Property Management was operated as a partnership by five corporations controlled, respectively, by members of the five principal shareholding groups of the Company. Reference is made to "Interest of Management and Others in Material Transactions" on page 22.

Cadillac Homes

The Company considers that a properly balanced real estate and development company must have an active and successful housing division, engaged in the purchase, development and sale of lands and the building and sale of houses. Involvement in the housing field not only provides the Company with a significant source of income but it also provides current marketing information. The Company's housing and land sale activities are carried on by Cadillac Homes which is a partnership of the Company (as to 80%) and Stonor Construction Limited and Associates (as to 20%).

Housing

Cadillac Homes has been one of the major builders of single family dwellings in the Metropolitan Toronto area. At the present time Cadillac Homes owns 498 lots in the following developments to yield approximately 600 dwelling units:

1. Sheridan Hills, Phase 2, located in the Town of Mississauga north of the Ontario Research Centre. This development consists of 102 lots for the construction of 204 semi-detached houses. Cadillac Homes has successfully developed and built Sheridan Hills, Phase 1, consisting of 90 lots or 180 semi-detached houses of which more than 80% have been sold;
2. Oak Links, a development in the Town of Oakville consisting of 170 lots for the construction of 170 detached houses;
3. 106 lots in the Town of Newmarket for the construction of 106 detached houses in a development to be known as Eagle Hills; and
4. 120 lots in the Town of Brampton for the construction of 120 detached houses following registration of a plan of subdivision.

Land

In addition to the above lands held for construction of houses to be sold, Cadillac Homes owns about 190 acres of land in the Town of Mississauga. At the present time 70 of the said acres are the subject of

a registered plan of subdivision which provides for single family and multiple family residential uses. A plan of subdivision has been filed with respect to an additional 30 acres and it is intended that further plans of subdivision will be filed with respect to the balance of the acreage as and when circumstances permit. The sale of the registered lands is proceeding satisfactorily.

General Contracting

From time to time the Company considers it to be advantageous to engage in building for others. Among the numerous projects constructed by the Company for others are Fairview Pointe Claire Shopping Centre, Pointe Claire, Quebec; Oak Queen Shopping Centre, Oakville, Ontario; Fairview Mall, St. Catharines, Ontario; Fairview Shopping Centre, Saint John, New Brunswick and Cedarbrae Plaza, Cloverdale Mall and Morgan's Department Store in Metropolitan Toronto. The Company has recently entered into an agreement with Forest Glenn (Dixie) Limited (a wholly owned subsidiary of Traders Group Limited) to construct a 430-suite apartment project in the City of Montreal.

CANADIAN EQUITY & DEVELOPMENT COMPANY LIMITED

In early 1968 the Company, Cemp Investments Ltd. ("Cemp") and Canadian General Securities Limited ("CGS") acquired virtually all of the issued and outstanding shares of Canadian Equity & Development Company Limited ("Canadian Equity"). The Company and Cemp each own about 41% and CGS owns about 13% of the outstanding shares of Canadian Equity.

Canadian Equity, through its wholly owned subsidiary, Don Mills Developments Limited ("Don Mills") owns more than 6,000 acres of land (the "Erin Mills Lands") in the Town of Mississauga and the Town of Oakville. The Company is managing the development of the Erin Mills Lands which, it is anticipated will ultimately be developed as an integrated community of over 100,000 people. Through Don Mills and other affiliates Canadian Equity owns or has an interest in the following income producing commercial developments:

Name of development	Number of commercial tenants	Year ended October 31, 1967	
		Sales ⁽¹⁾ (000's)	Gross rental income (000's)
Don Mills Shopping Centre.....	92	\$19,673 ⁽²⁾	\$1,141
Parkwood Village Shopping Centre.....	20	5,610 ⁽³⁾	145
York Mills Shopping Centre.....	19	5,407	191
The Towne.....	16	1,295 ⁽⁴⁾	158 ⁽⁴⁾
Greater Hamilton Shopping Centre ⁽⁶⁾	71	22,691 ⁽⁵⁾	809
Victoria Park Mall ⁽⁶⁾	10	1,450	79
Brampton Shopping Centre ⁽⁶⁾	5	2,369	42

(1) Sales exclude revenues of certain tenants for the most part engaged in financial or professional businesses.

(2) Excludes sales of Eaton's department store, the theatre and the curling rink.

(3) Excludes service station sales.

(4) Sales and rental income for the Towne Mall retail stores are for the period from the date of opening, June 1, 1967 to October 31, 1967; office space rental income is for the 7 months ended October 31, 1967. Residential rentals are not included.

(5) Greater Hamilton Shopping Centre sales exclude the bowling alley and automobile dealership.

(6) 50% interest.

Don Mills and an affiliate own respectively 12 and 4 ground leases which are not in shopping centres. Rental income from these ground leases for the year ended October 31, 1967 was \$89,000 for Don Mills and \$18,000 for the affiliate in which Canadian Equity has a 50% interest.

CAPITALIZATION

Designation of securities	Amount to be authorized	Outstanding at July 31, 1968	Outstanding at October 24, 1968	Outstanding at October 24, 1968 after giving effect to this financing
CURRENT SECURED BANK LOANS.....		\$4,970,000	\$4,965,000	\$ 494,000
LONG TERM DEBT:				
The Company—				
Bank loan payable in instalments to 1970.....		2,625,000	2,250,000	Nil
Bank loan payable in instalments to 1978 ⁽¹⁾		3,590,000	3,590,000	3,590,000
Bank loan payable in instalments to 1973 ⁽¹⁾		1,881,000	1,881,000	1,881,000
Non-interest bearing loans payable in instalments to 1975 ⁽¹⁾		7,456,000	7,456,000	7,456,000
Other secured loans.....		534,000	520,000	520,000
Mortgages ⁽²⁾				
6½% First mortgage due 1987.....		7,025,000	7,025,000	7,025,000
6¾% First mortgage due 1984.....		8,700,000	8,700,000	8,700,000
6½% First mortgage due 1997.....		5,640,000	5,623,000	5,623,000
6½% First mortgage due 1989.....		6,330,000	6,330,000	6,330,000
7.832% First mortgage due 1986 ⁽³⁾		5,690,000	7,890,000	7,890,000
6½% First mortgage due 1980.....		5,343,000	5,325,000	5,325,000
Sundry mortgages.....		63,703,000	64,037,000	64,037,000
Debentures				
6½% Debenture payable in monthly instalments to 1969 ⁽⁴⁾	1,748,313 ⁽⁵⁾	1,765,000	1,748,313	1,748,313
8½% Debenture payable in monthly instalments to 1970.....	701,220 ⁽⁵⁾	710,000	701,220	701,220
8½% Debenture payable in quarterly instalments to 1987 ⁽⁹⁾	1,970,000 ⁽⁵⁾	1,980,000	1,970,000	1,970,000
8½% Debenture payable in quarterly instalments to 1988 ⁽⁹⁾	1,980,000 ⁽⁵⁾	1,990,000	1,980,000	1,980,000
8% Sinking Fund Debentures, Series E, due Decem- ber 15, 1988.....	3,000,000			3,000,000
Subsidiaries—				
Sundry mortgages ⁽²⁾		4,807,000	4,775,000	4,775,000
MINORITY INTERESTS IN SUBSIDIARY:				
Participating Preference Shares and surplus.....		167,000	167,000	167,000
Common Shares and surplus.....		9,000	9,000	9,000
CAPITAL STOCK:				
6% Non-Cumulative Non-Voting Redeemable Class A Preference Shares with a par value of \$10 each ⁽⁶⁾	153,350 shs. (\$1,533,500)	194,900 shs. (\$1,949,000)	194,900 shs. (\$1,949,000)	153,350 shs. (\$1,533,500)
Cumulative Class B Preference Shares with a par value of \$25 each.....	400,000 shs. (\$10,000,000)			
6½% Cumulative Redeemable Class B Preference Shares, First Series.....				120,000 shs. (\$3,000,000)
Common Shares without par value.....	15,000,000 shs. ⁽⁷⁾	516,360 shs. (\$5,164,268)	516,360 shs. (\$5,164,268)	8,799,786 shs. ⁽⁷⁾ (\$10,864,268)

(1) Secured by pledge of shares of Canadian Equity. The non-interest bearing loans are payable to certain vendors of shares of Canadian Equity.

(2) For particulars of maturities of mortgages see notes 9 (b), 10 and 11 to the consolidated financial statements on page 30.

(3) Face amount of \$11,745,000 not yet fully advanced.

(4) This debenture is renewable by the Company for two periods of five years each subject to certain tests at interest rates to be adjusted at each renewal.

(5) Amount to be authorized after substitution of Series A, B, C and D Debentures for these debentures as referred to in note 13 to the consolidated financial statements on page 31.

(6) As at July 31, 1968 there were 356,026 Non-Cumulative Preference Shares authorized of which 194,900 were issued. Subsequently 23,584 shares were issued and 65,134 shares were redeemed. The amount to be authorized and outstanding gives effect to these transactions certain of which occurred after October 24, 1968 and to the cancellation of all unissued Non-Cumulative Preference Shares.

(7) After giving effect to the stock split of the issued Common Shares on the basis of 14.718 for 1 and the creation of 7,400,214 unissued Common Shares. In addition to the stated value of Common Shares as indicated the Company had retained earnings of \$4,566,790 on July 31, 1968. For rights to purchase Common Shares see page 22.

(8) Reference is made to note 16 to the consolidated financial statements on page 32 for particulars of the Company's lease obligations.

(9) The holder of these Debentures has the right to purchase Common Shares of the Company. If and when the option is exercised the rate of interest on these debentures will reduce to 7% per annum proportionately to the extent to which the option is exercised.

USE OF PROCEEDS

The estimated net proceeds to be received by the Company from the sale of \$3,000,000 principal amount of 8% Sinking Fund Debentures, Series E (the "Series E Debentures"), 120,000 6½% Cumulative Redeemable Class B Preference Shares, First Series (the "Cumulative Preference Shares") and 1,200,000 Common Shares offered by this prospectus will be \$11,365,000 after deducting the underwriters' discount and payment of expenses related to these issues. These proceeds will be used to repay all but \$494,000 of bank indebtedness (excluding indebtedness secured by pledge of Canadian Equity shares). On October 24, 1968 bank indebtedness amounted to \$7,215,000. This bank indebtedness was incurred to provide interim financing for properties under development. The balance of the proceeds will be added to working capital and will be used for the acquisition and development of new properties.

UNDERWRITING

Pursuant to an agreement dated December 2, 1968 the Company has agreed to sell and McLeod, Young, Weir & Company Limited and Pitfield, Mackay, Ross & Company Limited (the "Underwriters") have agreed to purchase as principals, the Series E Debentures at the price of \$97.00 per \$100 principal amount thereof (plus accrued interest), the 1,200,000 Common Shares at the price of \$4.75 per share and the Cumulative Preference Shares at par (subject to the payment of a commission of \$1.00 per Preference Share) payable in cash against delivery of the interim Series E Debentures and Preference Share certificates representing the Units offered by this prospectus, subject to the terms and conditions set out in the said agreement and compliance with the necessary legal formalities at a closing to be held on or about December 18, 1968. Under the said agreement the obligations of the Underwriters are several and not joint and the Underwriters are obliged to take up and pay for all the Units if any Unit is taken up.

OFFERINGS OF UNITS

Units of Series E Debenture and Common Shares

The Series E Debentures and 600,000 Common Shares are being offered in Units each consisting of a \$500 principal amount Series E Debenture and 100 Common Shares.

The purchasers of these Units will receive interim Series E Debentures endorsed with a statement to the effect that the Common Shares constituting a part of such Units have been deposited with and are held by The Canada Trust Company, as Depositary, pursuant to a Debenture Deposit Agreement to be made as of December 1, 1968 between the Company and The Canada Trust Company. The Debenture Deposit Agreement will provide that within 3 business days after June 18, 1969 (or such earlier date as may be fixed by the board of directors of the Company upon not less than 14 days' notice to the registered holders of Series E Debentures) the Depositary will mail to each registered owner of a Series E Debenture of record on such date a share certificate representing 100 Common Shares for each \$500 principal amount of Series Debentures held. Prior to June 18, 1969 or the earlier date so fixed (or, as to any Series E Debenture which shall be redeemed, its redemption date) the Units will be transferable only as Units and any transfer of a Series E Debenture shall include the proportionate interest of the holder in the related Common Shares. The Debenture Deposit Agreement will provide that the beneficial owners of the Common Shares, as their names appear on the debenture registers, will be entitled to receive from the Depositary signed proxies to vote such shares at meetings of shareholders of the Company. Dividends at any time paid upon the Common Shares while held by the Depositary pursuant to the Debenture Deposit Agreement will be paid over or made available by the Depositary to the registered holders of the Series E Debentures, according to their respective interests, in such manner as the Depositary and the Company shall determine.

Units of Cumulative Preference Share and Common Shares

The Cumulative Preference Shares and 600,000 Common Shares are being offered in Units each consisting of 1 Cumulative Preference Share and 5 Common Shares.

The purchasers of these Units will receive interim Cumulative Preference Share certificates endorsed with a statement to the effect that the Common Shares constituting a part of such Units have been deposited with and are held by Guaranty Trust Company of Canada, as Depositary, pursuant to a Share Deposit Agreement to be made as of December 1, 1968 between the Company and Guaranty Trust Company of

Canada. The Share Deposit Agreement will provide that within 3 business days after June 18, 1969 (or such earlier date as may be fixed by the board of directors of the Company upon not less than 14 days' notice to the holders of Cumulative Preference Shares) the Depositary will mail to each holder of a Cumulative Preference Share of record on such date a share certificate representing 5 Common Shares for each Cumulative Preference Share held. Prior to June 18, 1969 or the earlier date so fixed (or, as to any Cumulative Preference Share which shall be redeemed, its redemption date) the Units will be transferable only as Units and any transfer of a Cumulative Preference Share shall include the proportionate interest of the holder in the related Common Shares. The Share Deposit Agreement will provide that the beneficial owners of the Common Shares, as their names appear on the Cumulative Preference Share registers, will be entitled to receive from the Depositary signed proxies to vote such shares at meetings of shareholders of the Company. Dividends at any time paid upon the Common Shares while held by the Depositary pursuant to the Share Deposit Agreement will be paid over or made available by the Depositary to the holders of the Cumulative Preference Shares, according to their respective interests, in such manner as the Depositary and the Company shall determine.

SERIES E DEBENTURES

The Series E Debentures offered by this prospectus are to be issued under a Trust Indenture (the "Trust Deed") to be dated as of December 1, 1968 and to be made between the Company and The Canada Trust Company, as Trustee.

The following is a summary of the material attributes and characteristics of the Series E Debentures:

Principal and Interest—The Series E Debentures offered by this prospectus will be dated December 15, 1968, will bear interest at the rate of 8% per annum from December 15, 1968 and will mature December 15, 1988. Principal and semi-annual interest (June 15 and December 15) and premium, if any, will be payable in lawful money of Canada at any branch in Canada of the Company's bankers at the holder's option.

Denominations—The Series E Debentures will be issued in fully registered form in denominations of \$500 and any multiple thereof and after June 18, 1969 or such earlier date as may be determined by the directors also in coupon form in denominations of \$500 and \$1,000 registrable as to principal only.

Security—The Series E Debentures will be direct obligations of the Company ranking *pari passu* with and secured equally and rateably (except as to any sinking fund pertaining exclusively to any particular series) with all the outstanding 6½% Debentures, Series A (the "Series A Debentures"), 8½% Debentures, Series B (the "Series B Debentures"), 8½% Debentures, Series C (the "Series C Debentures"), 8½% Debentures, Series D (the "Series D Debentures"), and all other debentures to be issued and outstanding under the Trust Deed. The Series A, B, C and D Debentures are being issued in substitution for other debentures presently outstanding as referred to in note 13 to the consolidated financial statements on page 31.

Fixed Charge

In the opinion of counsel the Trust Deed will constitute a fixed and specific mortgage, pledge and charge subject to Permitted Liens and minor encumbrances upon the following properties of the Company:

Rosedale East	Birch, Elm and Maple Groves	Horizon House
Park Place, Phase I	Cedar Grove	Horizon Village
Summit Place	Maisonnette Apartments	Chequers Place

Floating Charge

The Trust Deed will be expressed to constitute a floating charge upon the undertaking of the Company and all its property and assets (other than the specifically mortgaged properties) and in the opinion of counsel the Trust Deed will constitute a floating charge upon the undertaking of the Company and all its property and assets (other than the specifically mortgaged properties) for the time being situate in the Province of Ontario. The Trust Deed will, however, permit the Company to create a floating charge in favour of Canadian chartered banks upon the undertaking of the Company and all its property and assets (other than shares and indebtedness of certain subsidiaries) ranking prior to the floating charge created by the Trust Deed.

Discharge of Fixed Security

The Company will be entitled to a discharge of the fixed and specific mortgage, pledge and charge upon delivery to the Trustee at any time after January 1, 1970 of an opinion of counsel to the effect that, after giving effect to such discharge, the Debentures then outstanding under the Trust Deed will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act, and will also be investments in which Schedule C to the Regulations under the Pension Benefit Standards Act states that the funds of a pension plan thereunder may be invested without resorting to the provisions of Section 4 of the said Schedule C.

Sinking Fund—The Company will covenant in the Trust Deed to provide a sinking fund for the Series E Debentures and for such purpose the Company will covenant to pay to the Trustee on or before December 15 in each of the following years such amounts as shall then be sufficient to retire the principal amount of the Series E Debentures set out opposite each such year:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1969	\$66,000	1975	\$104,000	1982	\$178,000
1970	71,000	1976	112,000	1983	193,000
1971	76,000	1977	121,000	1984	208,000
1972	83,000	1978	131,000	1985	225,000
1973	89,000	1979	141,000	1986	243,000
1974	96,000	1980	153,000	1987	262,000
		1981	165,000		

The above sinking fund payments will be sufficient to retire 90.5% of the original principal amount of the Series E Debentures prior to maturity. The Company will have the right to purchase Series E Debentures in the market or by tender or by private contract at any price not exceeding the price at which Series E Debentures on the date of purchase are redeemable for other than sinking fund purposes plus accrued interest and costs of purchase. Such Series E Debentures may be applied as a credit against sinking fund obligations. The Series E Debentures will be redeemable prior to maturity on not less than 30 days' notice for sinking fund purposes at the principal amount thereof plus accrued interest.

Redemption—The Series E Debentures will not be redeemable prior to December 15, 1983, otherwise than for sinking fund purposes, as a part of any refunding or anticipated refunding operation involving the application, directly or indirectly, of borrowed funds having an interest cost to the Company of less than 8% per annum. Subject to this restriction the Series E Debentures will be redeemable at any time in whole or from time to time in part upon not less than thirty days' notice, at the following percentages of the principal amount thereof if redeemed during the 12-month period ending December 15 in each of the following years (together in each case with accrued interest to the date fixed for redemption):

<u>Year</u>	<u>Percentage</u>	<u>Year</u>	<u>Percentage</u>	<u>Year</u>	<u>Percentage</u>	<u>Year</u>	<u>Percentage</u>
1969	108.00	1974	105.60	1979	103.60	1984	101.60
1970	107.50	1975	105.20	1980	103.20	1985	101.20
1971	107.00	1976	104.80	1981	102.80	1986	100.80
1972	106.50	1977	104.40	1982	102.40	1987	100.40
1973	106.00	1978	104.00	1983	102.00	1988	100.00

Additional Indebtedness—So long as any Series E Debentures are outstanding the Company will not become liable upon any Restricted Term Bank Loans, or issue or become liable upon any Additional Debentures (other than Series A, B, C, D, or E Debentures) or any Joint Venture Obligations or increase the principal amount thereof or permit certain subsidiaries, to become liable upon any Restricted Term Bank Loans or to issue or become liable upon or increase the principal amount of any Joint Venture Obligations unless:

- (a) in the case of the first \$2,000,000 aggregate principal amount of Additional Debentures, the Consolidated Net Rental Cash Flow, for the immediately preceding fiscal year shall be equal to at least 1.5 times, and in the case of any Restricted Term Bank Loans, Joint Venture Obligations and any other Additional Debentures, the Consolidated Cash Flow for the immediately preceding fiscal year shall be equal to at least 1.7 times, the Consolidated Pro Forma Debt Service, and

- (b) the consolidated assets less consolidated liabilities, other than consolidated Restricted Term Bank Loans, Debentures and consolidated Joint Venture Obligations, shall be equal to at least 1.5 times the sum of the principal amount of all consolidated Restricted Term Bank Loans, Debentures and Joint Venture Obligations to be outstanding,

and until the discharge of the fixed and specific lien of the Trust Deed unless:

- (c) the aggregate Appraised Value of all real property or leaseholds of the Company subject thereto is at least equal to the sum of the aggregate principal amount of all Debentures to be outstanding under the Trust Deed and the aggregate principal amount secured by Permitted Liens thereon.

Reference should be made to the provision set forth under the subheading "Floating Charge" on page 11 which will permit the Company and certain subsidiaries to give security (which in the case of security given by the Company may rank prior to the floating charge security for the Debentures) on all their assets (except on shares and indebtedness of such subsidiaries) to Canadian chartered banks for indebtedness to such banks which is unlimited in amount in the case of indebtedness maturing earlier than, or renewable at the option of the obligor to, a date less than 18 months from its creation and in the case of other indebtedness may be incurred without restriction up to a maximum of from \$7.5 million to \$10 million. Reference should also be made to the definitions of "Consolidated Pro Forma Debt Service" on page 15 (which does not include debt service on any indebtedness to banks other than on Restricted Term Bank Loans) and of "Consolidated Cash Flow" on page 14 (which does not take into account cash expenditures made in servicing any debt, other than Permitted First Mortgages, except to the extent that such expenditures may be specifically charged against income other than income from rental properties).

Covenants—The Trust Deed will contain covenants among others to the effect that so long as any of the Series E Debentures are outstanding:

- (1) The Company will not create any mortgage, lien or other encumbrance on any of its assets to secure any bonds, debentures or other obligations (other than the Debentures issued under the Trust Deed, indebtedness to Canadian chartered banks, Permitted First Mortgages, Purchase Money Mortgages, Joint Venture Obligations and certain other types of indebtedness) which ranks or purports to rank prior to or *pari passu* with the floating charge created by the Trust Deed unless at the same time it shall secure equally and rateably therewith all the Debentures then outstanding thereunder and the Company will not permit certain subsidiaries to create any mortgage, lien or other encumbrance on any of their assets to secure any bonds, debentures or other obligations (other than indebtedness issued to the Company or to any such wholly owned subsidiary and other than types of indebtedness referred to above with respect to the Company).
- (2) The Company will not:
 - (i) declare or pay any dividends (other than stock dividends in shares of the Company) on any of its shares at any time outstanding; or
 - (ii) purchase, redeem, reduce or otherwise pay off, or retire (except out of the net cash proceeds to the Company of an issue of its shares made after January 1, 1969 and prior to, or contemporaneously with, such purchase, redemption, payment off, or retirement) or permit certain subsidiaries to acquire, any of its shares at any time outstanding (other than any of the 153,350 Non-Cumulative Preference Shares presently authorized); or
 - (iii) elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act as now enacted or as the same may from time to time be amended or re-enacted or elect to pay any tax under any similar provisions,

if after giving effect thereto

- (a) the consolidated assets less consolidated liabilities, other than consolidated Restricted Term Bank Loans, Debentures and consolidated Joint Venture Obligations, would be less than 1.5 times the sum of the principal amount of the consolidated Restricted Term Bank Loans, Debentures and consolidated Joint Venture Obligations to be outstanding, or
- (b) in the case of any action referred to in the foregoing subsection (i) the aggregate amounts declared and/or paid as dividends (other than stock dividends) on shares of its capital stock subsequent to July 31, 1968 would exceed the aggregate of consolidated net earnings subsequent to such date, or

- (c) in the case of any action referred to in the foregoing subsection (ii) the sum of the aggregate amounts declared and/or paid as dividends (other than stock dividends) on shares of its capital stock subsequent to July 31, 1968 and the aggregate amounts distributed and/or paid subsequent to such date on the purchase, redemption, reduction, other payment off or retirement of its shares or on the acquisition of such shares by certain subsidiaries and the aggregate amounts paid subsequent to such date as tax as referred to in the foregoing subsection (iii) would exceed the sum of the aggregate consolidated net earnings subsequent to such date and the net cash proceeds to the Company of the issue after such date of its shares, or
- (d) in the case of any action referred to in the foregoing subsection (iii) the sum of the aggregate amounts declared and/or paid as dividends (other than stock dividends) on shares of its capital stock subsequent to July 31, 1968 and the aggregate amounts paid subsequent to such date as tax as referred to in the foregoing subsection (iii) would exceed the aggregate of consolidated net earnings subsequent to such date,

provided that this covenant shall not prevent the Company from paying dividends on any of the 153,350 Non-Cumulative Preference Shares presently authorized or cumulative dividends on, or satisfying mandatory sinking fund or purchase fund requirements attached to, any preference shares (including the Cumulative Preference Shares) of the Company hereafter issued otherwise than by way of stock dividends.

- (3) Until the discharge of the fixed and specific lien of the Trust Deed the Company will not permit any charge, mortgage or lien securing any indebtedness to banks in respect of the specifically mortgaged properties ranking prior to the fixed and specific lien of the Trust Deed.

Definitions—The foregoing covenants are to be read in conjunction with the definitions in the Trust Deed, certain of which are substantially as follows:

“Appraised Value” means the average of the appraised values of any property as shown on the appraisal dated October 13, 1967 by Montreal Trust Company and on the appraisal dated October 23, 1967 by Eastern & Chartered Trust Company unless, in respect of any such property, there has been a more recent appraisal, in which case “Appraised Value” means the appraised market value as shown on the most recent appraisal of such property by an independent appraiser acceptable to the Trustee, and, in respect of any property not shown on the said appraisals dated October 13, and 23, 1967, the appraised market value as shown on the most recent appraisal of such property by such an independent appraiser.

“Certified Projected Cost” means the estimated cost of any property under construction when completed as certified by a certificate of the Company which shall have been delivered to the Trustee, provided that for the purpose of this definition such cost may include with respect to land only the Appraised Value of such land in lieu of the actual cost thereof.

“Consolidated Cash Flow” for the Company and certain subsidiaries for any fiscal year means the total of

- (i) Consolidated Net Rental Cash Flow for such year; and
- (ii) 25% of the annual average of Consolidated Other Cash Flow for such year and the immediately preceding four fiscal years,

provided that such total shall not be a negative figure.

“Consolidated Net Rental Cash Flow” for any fiscal year means the aggregate gross rentals of the Company and certain subsidiaries for such year from Operational Rental Properties from the dates each such property becomes operational less an amount equal to the total of:

- (a) all expenses (including income taxes (other than deferred income taxes) and interest on Permitted First Mortgages on such properties) during such fiscal year from the dates such properties become operational other than depreciation on the buildings and improvements erected on or forming part of any such properties, which, in accordance with generally accepted accounting principles, are properly attributable to the ownership, management, operation and maintenance of such properties throughout such fiscal year;
- (b) an amount equal to the principal payments made during such fiscal year in respect of such Permitted First Mortgages on such properties; and

- (c) the aggregate of amounts paid during such fiscal year for replacement of equipment for and major building repairs to such properties determined in accordance with generally accepted accounting principles.

"Consolidated Other Cash Flow" for any fiscal year means the aggregate of:

- (a) consolidated net earnings;
- (b) deferred income taxes;
- (c) depreciation; and
- (d) amortization of organization and financing expenses including discounts or premiums;

less the aggregate of:

- (i) principal repayments on Permitted First Mortgages of Operational Rental Properties;
- (ii) additions to furniture, fixtures and equipment;
- (iii) equipment replacements and building additions; and
- (iv) Consolidated Net Rental Cash Flow;

shown on the consolidated statement of income of the Company and certain subsidiaries for such year.

"Consolidated Pro Forma Debt Service" means the amount required annually to pay the principal and interest on all consolidated Restricted Term Bank Loans, Debentures and consolidated Joint Venture Obligations of the Company and certain subsidiaries to be outstanding.

"Joint Venture Obligation" means (i) any indebtedness (other than indebtedness secured by a Permitted First Mortgage or Purchase Money Mortgage or indebtedness maturing August 31, 1970 secured by mortgage of property located at 100 Bay Street South, Hamilton, Ontario) of the Company or certain subsidiaries incurred as a cost of creating a joint or common interest with a person or persons (other than the Company or another such subsidiary) in any real property then being acquired or under development, and any renewals of such indebtedness, and (ii) any indebtedness of certain subsidiaries to any holder (other than the Company or another such subsidiary which is wholly owned) of its shares (carrying voting rights at all times or which are fully participating in dividends or on winding up with such voting shares) which exceeds that proportion of all such subsidiary's indebtedness (other than that represented by Permitted First Mortgages, Purchase Money Mortgages or Joint Venture Obligations of the type referred to in the foregoing subdivision (i) of this definition) to holders (including the Company and any other such subsidiary which is wholly owned) of such subsidiary's shares (carrying voting rights at all times or which are fully participating in dividends or on winding up with such voting shares) which the number of such shares held by such holder is of all such shares at the time outstanding, and any renewals of such indebtedness.

"Operational Rental Property" shall mean a rental property of the Company or a subsidiary in respect of which at any time during the fiscal year for which Consolidated Net Rental Cash Flow is being calculated or any prior fiscal year gross rental revenue for one month equalled or exceeded 70% of the potential gross monthly rental revenue of such property excluding in both cases rental revenue from parking.

"Permitted First Mortgages" means (a) any indebtedness to a bank or banks and present indebtedness to Caninvesco Limited, Windfields Farm Limited and Canadian Breweries Limited and/or Cemp and/or CGS secured, in each case, solely by pledge of shares of Canadian Equity and (b) first mortgages of freeholds or of leasehold improvements constructed subsequent to the acquisition of the leasehold to accredited lending institutions or others to secure loans for the construction or acquisition by the Company or any subsidiary of any property or to refund any Purchase Money Mortgage or to reimburse funds expended for the acquisition of property provided that such mortgage is limited to the property so constructed or acquired, or the property subject to such Purchase Money Mortgage (or to properties associated therewith in a single project) and provided further that if such mortgage is not to an accredited lending institution and is not a CMHC approved loan (i) the principal amount secured thereby and by any other specific charges on the property subject thereto (other than Purchase Money Mortgages securing the purchase price of elevators, appliances, heating and other equipment) shall not in the aggregate exceed 75% of the Appraised Value of completed property or 75% of Certified Projected Cost of a property under construction (and in the case of a mortgage of a leasehold improvement neither Appraised Value nor Certified Projected Cost shall include the value or cost of the land) and (ii) in the case of a mortgage of leasehold improvements the amount payable

thereunder in respect of principal and interest in any year during the term thereof when added to the annual rent payable to the lessor of the land shall not exceed a rental factor (half a percentage point above the then current National Housing Act maximum interest rate) for such land and improvements, and any renewals, extension, refunding or replacement of a prior Permitted First Mortgage subject, in the case of any such renewal, extension, refunding or replacement to a mortgagee which is not an accredited lending institution, to the foregoing limitations with respect to Appraised Value (based on an appraisal not more than 60 months old) and maximum rental factor and in the case of any such renewal, extension, refunding or replacement to a mortgagee which is an accredited lending institution without limitation as to the amount of indebtedness.

“Permitted Liens” means Purchase Money Mortgages, Permitted First Mortgages, and certain other liens.

“Purchase Money Mortgages” means any mortgages, charges, hypothecs, vendor’s liens, privileges or other encumbrances (other than a Permitted First Mortgage) upon property acquired but not constructed, and upon elevators, appliances, heating and other equipment acquired, by or for the Company or a subsidiary after the date of the Trust Deed, which was assumed, created, guaranteed or reserved on such property and/or on any other property on which or to which such property may be located or affixed to secure all or any part of the purchase price of such property, or any mortgage, charge, hypothec, lien, privilege, or other encumbrance existing on any such property at the time of such acquisition and assumed or guaranteed by the Company or any subsidiary; and provided the principal amount of the indebtedness secured thereby is not increased to any amount exceeding in respect of property for which there is no Appraised Value, 75% of the amount of the purchase price thereof and, in respect of other property, 75% of the Appraised Value thereof and provided also the property subject thereto is not also subject to a Permitted First Mortgage, any renewals of any such mortgage, charge, hypothec, lien, vendor’s privilege or other encumbrance.

“Restricted Term Bank Loans” means any indebtedness (except indebtedness secured by Permitted First Mortgage) to a bank or banks created, assumed or guaranteed by the Company or certain subsidiaries maturing later than, or renewable to the option of the obligor to, a date more than 18 months from the date on which such indebtedness shall be created, assumed or guaranteed to the extent that all such indebtedness maturing later than, or renewable at the option of the obligor to, a date more than 18 months from the several dates of creation, assumption or guarantee thereof on the date of any such creation, assumption or guarantee exceeds the greater of (i) \$7,500,000 and (ii) the lesser of \$10,000,000 or 40% of consolidated equity.

Modifications—The rights of the Debenture holders may be modified. For that purpose, among others, the Trust Deed contains provisions for the holding of meetings of Debenture holders and for rendering resolutions passed at such meetings and instruments in writing signed by the holders of a specified percentage of the Debentures outstanding binding upon all Debenture holders, subject to the provisions of the Trust Deed.

Interest Coverage

The maximum annual interest on all Debentures to be outstanding after giving effect to the present financing will amount to about \$752,500 per annum which interest will decrease through monthly and quarterly payments on the Series A and B Debentures and on the Series C and D Debentures respectively and the operation of the sinking fund for the Series E Debentures. Average annual earnings without any provision for income taxes of the Company and its subsidiaries for the three years ended December 31, 1967 amounted to \$2,051,000 and for the year ended December 31, 1967 amounted to \$2,661,000 being 2.7 times and 3.5 times respectively such maximum annual interest.

Asset Coverage

The consolidated net tangible assets of the Company and its subsidiaries as shown by the pro forma consolidated balance sheet appearing on page 26 were as follows:

Total assets.....	\$162,440,044	
Less organization and financing expenses.....	474,286	\$161,965,758
Total liabilities.....	\$141,198,426	
Less debentures.....	9,444,364	\$131,754,062
Consolidated net tangible assets (before deducting debentures).....		<u>\$ 30,211,696</u>

The foregoing consolidated net tangible assets (before deducting debentures) represent \$3,199 for each \$1,000 principal amount of Debentures to be outstanding after giving effect to the present financing.

SHARES OF THE COMPANY

Non-Cumulative Preference Shares

The following is a summary description of certain attributes of the 6% Non-Cumulative Non-Voting Redeemable Class A Preference Shares (the "Non-Cumulative Preference Shares") which will limit or qualify the rights to be attached to the Cumulative Preference Shares and the Common Shares. For a complete description of such attributes reference is made to the Schedule on page 35.

Dividends—The holders of Non-Cumulative Preference Shares will be entitled to receive, in priority to the Common Shares, the Cumulative Preference Shares and any other shares ranking junior to the Non-Cumulative Preference Shares and the Company shall pay thereon, as and when declared by the board of directors of the Company out of the moneys of the Company properly applicable to the payment of dividends, fixed preferential non-cumulative cash dividends at the rate of 6% per annum on the amount from time to time paid-up thereon.

Return of Capital—In the event of liquidation, dissolution or winding up of the Company, the holders of the Non-Cumulative Preference Shares will be entitled to receive, in priority to the holders of the Cumulative Preference Shares, Common Shares and any other shares ranking junior to the Non-Cumulative Preference Shares an amount equal to the amount paid-up thereon and any declared, but unpaid, dividend.

Cumulative Preference Shares

The following is a description of the material attributes and characteristics of the 6½% Cumulative Redeemable Class B Preference Shares, First Series (the "Cumulative Preference Shares") constituting the initial series of the Class B Preference Shares of the Company. For a complete description of such attributes reference is made to the Schedule on page 35.

Dividends—The holders of Cumulative Preference Shares will be entitled to receive, in priority to the Common Shares and any other shares ranking junior to the Cumulative Preference Shares, fixed, cumulative, preferential cash dividends, as and when declared by the board of directors, at the rate of \$1.62½ per share per annum to accrue from December 18, 1968 and to be payable quarterly on March 15, June 15, September 15 and December 15.

Voting Rights—The holders of the Cumulative Preference Shares will not be entitled as such to receive notice of or to attend or vote at meetings of shareholders unless the Company shall fail to pay in the aggregate eight quarterly dividends on any series of the Class B Preference Shares whereupon, until payment of all arrears of dividends, the holders of the Cumulative Preference Shares will be entitled to attend meetings of shareholders and will be entitled to 1 vote in respect of each Cumulative Preference Share held and, voting separately and as a class with the holders of other series of Class B Preference Shares, to elect 2 directors if the number of directors of the Company is 7 or less, or to elect 3 directors if the number of directors of the Company is more than 7.

Return of Capital—In the event of liquidation, dissolution or winding up of the Company, the holders of the Cumulative Preference Shares will be entitled to receive, in priority to the holders of Common Shares and any other shares ranking junior to the Cumulative Preference Shares an amount equal to the redemption price per share (as set forth below) current at the time of such liquidation, dissolution or winding up and shall not be entitled to share in any further distribution of the property or assets of the Company.

Redemption and Purchase for Cancellation—The Company may purchase for cancellation all or any part of the outstanding Cumulative Preference Shares in the market or by invitation for tenders at the lowest price at which, in the opinion of the directors of the Company, such shares are obtainable, but not exceeding an amount equal to the redemption price per share current at the time of such purchase plus accrued and unpaid dividends and costs of purchase.

The Company may redeem at any time the whole or from time to time any part of the then outstanding Cumulative Preference Shares on payment for each share to be redeemed of the amount set forth below, namely:

- if redeemed on or before December 15, 1972, the sum of \$26.25 per share;
- if redeemed thereafter and on or before December 15, 1976, the sum of \$26.00 per share;
- if redeemed thereafter and on or before December 15, 1980, the sum of \$25.75 per share;
- if redeemed thereafter and on or before December 15, 1984, the sum of \$25.50 per share;
- if redeemed thereafter and on or before December 15, 1988, the sum of \$25.25 per share; and
- if redeemed thereafter the sum of \$25.00 per share

in each case together with all accrued and unpaid dividends thereon.

Purchase Fund—Commencing in 1969 and in each calendar year thereafter, the Company shall apply to the retirement of Cumulative Preference Shares by purchase for cancellation an amount equal to 2% of the aggregate par value of Cumulative Preference Shares which are issued and outstanding at the beginning of each such year; provided that no such purchase shall be required to be made in any year except to the extent that Cumulative Preference Shares are available for purchase at a price not exceeding an amount equal to \$25 per share plus the costs of purchase; and provided further that any amount not so applied in any calendar year by reason of the foregoing provisos shall not be required to be so applied in any succeeding calendar year.

Restrictions—The Company shall not without, but may from time to time with, the authorization of the holders of the Cumulative Preference Shares:

- (a) increase the authorized amount of Class B Preference Shares or Non-Cumulative Preference Shares or create any class of shares ranking in priority to or on a parity with the Cumulative Preference Shares or change any of the preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Non-Cumulative Preference Shares with respect to payment of dividends or distribution of assets; or
- (b) issue any further series of Class B Preference Shares (any such Class B Preference Shares being hereinafter in this sub-clause (b) called “Additional Shares”) unless:
 - (i) the average annual consolidated net income for the 2 completed fiscal years immediately preceding the date of issue of such Additional Shares shall have been at least equal to 2.5 times the maximum annual dividend requirements on all the Class B Preference Shares and Non-Cumulative Preference Shares to be outstanding after such issue; and
 - (ii) consolidated assets less consolidated liabilities amount to at least 2 times the aggregate par value of all the Class B Preference Shares and Non-Cumulative Preference Shares to be outstanding after such issue; or
- (c)
 - (i) declare or pay any dividends (other than stock dividends in shares of the Company ranking junior to the Cumulative Preference Shares) on any of its shares ranking junior to the Cumulative Preference Shares at any time outstanding, or
 - (ii) purchase, redeem, reduce or otherwise pay off or retire (except out of the net cash proceeds to the Company of an issue of its shares ranking junior to the Cumulative Preference Shares made after January 1, 1969 and prior to, or contemporaneously with, such purchase, redemption, payment off, or retirement) any of its shares ranking junior to the Cumulative Preference Shares at any time outstanding, or
 - (iii) elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act as now enacted or as the same may from time to time be amended or re-enacted or elect to pay any tax under any similar provisions,
- (A) unless all dividends, up to and including the dividend payable on the last preceding dividend date on all the Class B Preference Shares then issued and outstanding shall have been declared and paid or provided for; or
if after giving effect thereto
- (B) in the case of any action referred to in the foregoing subsection (i), the aggregate amounts declared and/or paid as dividends (other than stock dividends on shares ranking junior to the Cumulative Preference Shares) on shares of its capital stock subsequent to July 31, 1968 would exceed the aggregate of consolidated net income subsequent to such date, or
- (C) in the case of any action referred to in the foregoing subsection (ii) the sum of the aggregate amounts declared and/or paid as dividends (other than stock dividends in shares ranking junior to the Cumulative Preference Shares) on shares of its capital stock subsequent to July 31, 1968 and the aggregate amounts distributed and/or paid subsequent to such date on the purchase, redemption, reduction, other payment off or retirement of any of its shares ranking junior to the Cumulative Preference Shares and the aggregate amounts paid subsequent to such date as tax as referred to in the foregoing subsection (iii) would exceed the sum of the aggregate consolidated net income subsequent to such date and the net cash proceeds to the Company of the issue after such date of any of its shares ranking junior to the Cumulative Preference Shares, or
- (D) in the case of any action referred to in the foregoing subsection (iii) the sum of the aggregate amounts declared and/or paid as dividends (other than stock dividends in shares ranking junior to the Cumu-

lative Preference Shares) on shares of its capital stock subsequent to July 31, 1968 and the aggregate amounts paid subsequent to such date as tax as referred to in the foregoing subsection (iii) would exceed the aggregate of consolidated net income subsequent to such date.

Amendments and Approvals—The provisions, preferences and rights attaching to the Series B Preference Shares, as a class, and to the Cumulative Preference Shares, as a series, may be amended with the approval of the holders of the Class B Preference Shares, as a class, and the holders of the Cumulative Preference Shares, as a series, as the case may be, which approval may be given by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose.

Common Shares

Each Common Share in the capital of the Company is entitled to 1 vote at all meetings of shareholders. All Common Shares rank equally with all other Common Shares with respect to dividend rights and upon a winding up or dissolution of the Company. The payment of dividends on Common Shares will be subject to the discretion of the board of directors and to such policy as it may adopt from time to time.

Dividend Coverage

Annual dividends on the Company's 120,000 Cumulative Preference Shares to be outstanding upon completion of this financing will amount to \$195,000. Consolidated net income available for dividends in the year ended December 31, 1967 (after making provision for annual dividends of \$92,000 on the 153,350 Non-Cumulative Preference Shares outstanding) would have amounted to \$1,238,000 had provision then been made for deferred income taxes or approximately 6.3 times the annual dividend payable on the Cumulative Preference Shares.

Asset Coverage

The consolidated net tangible assets of the Company and its subsidiaries less the aggregate par value of the Non-Cumulative Preference Shares as shown by the pro forma consolidated balance sheet appearing on page 26 were as follows:

Total assets.....	\$162,440,044
Less organization and financing expenses.....	474,286
	<hr/>
	161,965,758
Less liabilities.....	141,198,426
	<hr/>
Consolidated net tangible assets.....	20,767,332
Less Non-Cumulative Preference Shares.....	1,533,500
	<hr/>
	\$ 19,233,832

The foregoing consolidated net tangible assets less the aggregate par value of the Non-Cumulative Preference Shares represent 6.4 times the par value of the Cumulative Preference Shares to be outstanding after giving effect to the present financing.

DIVIDEND RECORD

The Company has paid dividends on its outstanding shares as follows:

Class of shares ⁽¹⁾	Year ended December 31,				7 months ended July 31, 1968
	1964	1965	1966	1967	
Per Common Share ⁽²⁾	2.4¢	8.6¢	5.7¢	6.8¢	3.7¢ ⁽⁴⁾
Per Class A Preference Share (redeemed) ⁽³⁾	—	23.5¢	60.0¢	36.0¢	—

(1) During the years 1965, 1966 and 1967 and the 7 month period ended July 31, 1968 there were issued and outstanding, in addition to the classes of shares referred to in the above table, Class B Preference Shares (redesignated by supplementary letters patent and elsewhere in this prospectus referred to as the Non-Cumulative Preference Shares) upon which were paid dividends at the rate of 6% per annum for the period in each year during which such Class B Preference Shares were outstanding.

(2) After adjusting for 14,718 for 1 stock split.

(3) 20,000 6% Class A Preference Shares with a par value of \$10 each were created by supplementary letters patent dated July 29, 1965. All of such shares were issued on August 10, 1965 and were redeemed on August 9, 1967. The dividends shown in the above table represent payment at the rate of 6% per annum for the period in each year during which such shares were outstanding.

(4) Satisfied partly in cash and partly in Non-Cumulative Preference Shares.

PRINCIPAL HOLDERS OF COMMON SHARES

Listed below are all the shareholders of the Company, as at October 24, 1968, owning of record more than 10% of the Common Shares and owning beneficially more than 1 Common Share:

<u>Name</u>	<u>Address</u>	<u>Designation of class</u>	<u>Type of ownership</u>	<u>Number of shares owned⁽¹⁾</u>	<u>Percentage of class</u>
Joseph Berman	58 Plymbridge Road Willowdale, Ontario	Common	Beneficial ⁽²⁾ Beneficial ⁽³⁾	25 114,084	} 22.10
Helen Berman		Common	Beneficial ⁽²⁾	9,816	
John H. Daniels	20 Fifeshire Road S. Willowdale, Ontario	Common	Beneficial ⁽²⁾ Beneficial ⁽³⁾	25 68,265	} 13.23
Norine Daniels		Common	Beneficial ⁽³⁾	5,008	
Trusts for children of John H. Daniels ⁽⁵⁾		Common	Beneficial ⁽⁴⁾	50,627	9.80
A. Ephraim Diamond	11 Dempsey Crescent Willowdale, Ontario	Common	Beneficial ⁽²⁾ Beneficial ⁽³⁾	25 91,395	} 17.70
Shirley Diamond		Common	Beneficial ⁽²⁾	25,705	
Trusts for children of A. Ephraim Diamond ⁽⁶⁾		Common	Beneficial ⁽⁴⁾	6,800	1.32
Gerald J. Shear	11 Montessor Drive Willowdale, Ontario	Common	Beneficial ⁽²⁾ Beneficial ⁽³⁾	9 38,371	} 7.43
Helen Shear		Common	Beneficial ⁽²⁾	2,929	
Traders Group Limited	625 Church Street Toronto, Ontario	Common	Beneficial ⁽²⁾ Beneficial ⁽⁴⁾	103,270 1	} 20.00

(1) Before stock split.

(2) Of record.

(3) Owned of record by a company controlled by the shareholder named.

(4) Indirect.

(5) The holders of record (John H. Daniels, Irving Mednick and Harold Strom) are the trustees of these trusts and are, by majority decision, entitled to vote the shares held by the trusts.

(6) The holders of record (Edward Diamond, Edwin A. Goodman and Gerald J. Shear) are the trustees of these trusts and are, by majority decision, entitled to vote the shares held by the trusts.

The directors and senior officers of the Company own or are deemed to own beneficially, directly or indirectly, as a group, in the aggregate 312,204 Common Shares of the Company which represents 60.49% of all the Common Shares of the Company issued as at October 24, 1968.

Upon completion of the sale of shares offered by this prospectus the holdings of the above principal shareholders, other than Traders Group Limited ("Traders"), together with the holdings of their associates, after giving effect to the stock split of Common Shares on the basis of 14.718 for 1 will aggregate about 6,079,800 Common Shares representing 66.8% of the Common Shares to be outstanding, allowing for the issuance of 300,000 shares pursuant to the share purchase plans referred to on page 22.

The holders of all shares of the Company outstanding on October 24, 1968 and North American Life Assurance Company ("North American") are entering into an agreement (the "Shareholders' Agreement") with the Underwriters not to sell any shares now owned or subject to option before December 18, 1969 without the written consent of the Underwriters. Under the Shareholders' Agreement the said parties agree to vote their shares of the Company to ensure that the board of directors of the Company will consist of at least 13 (or 19 in the event that the holders of the Class B Preference Shares shall be entitled to elect directors of the Company) persons of whom 7 (or 10 in the foregoing event) will be nominees of Joseph Berman, John H. Daniels, A. Ephraim Diamond and Gerald J. Shear (the "Executives"), 3 will be nominees of Traders, 2 will be the nominees of North American and 1 will be the nominee of the Underwriters.

MANAGEMENT OF THE COMPANY

Directors and Officers

The names and home addresses in full of the directors and officers of the Company, the positions and offices held by each and their principal occupations for the past 5 years are as follows:

<u>Name and home address</u>	<u>Office</u>	<u>Principal occupation</u>
ALLEN EPHRAIM DIAMOND, P.Eng., 11 Dempsey Crescent, Willowdale, Ontario	President and Director	President of the Company
JOSEPH BERMAN, P.Eng., 58 Plymbridge Road, Willowdale, Ontario	Executive Vice-President and Director	Vice-President of the Company
JOHN HENRY DANIELS, B.Arch., M.R.A.I.C., 20 Fifeshire Road S., Willowdale, Ontario	Executive Vice-President and Director	Vice-President of the Company
GERALD JOSEPH SHEAR, C.A., 11 Montessor Drive, Willowdale, Ontario	Executive Vice-President and Director	Vice-President of the Company
WATSON WILLIAM EVANS, C.A., 14 Valleyanna Drive, Toronto, Ontario	Director	Executive Officer, Traders Group Limited
EDWIN ALAN GOODMAN, Q.C., 402 Glenayr Road, Toronto, Ontario	Director	Partner, Goodman & Goodman
GERALD ROBERT HEFFERNAN, P.Eng., Hopkins Street South, Whitby, Ontario	Director	President, Lake Ontario Steel Company Limited
THOMAS HERBERT INGLIS, 45 Montgomery Road, Toronto, Ontario	Director	Executive Officer, North American Life Assurance Company
CHARLES PATRICK KEELEY, 40 Castle Frank Crescent, Toronto, Ontario	Director	Investment Dealer, McLeod, Young, Weir & Company Limited
JOHN HENDERSON MOORE, F.C.A., R.R.3, London, Ontario	Director	President, John Labatt Limited
DONALD WATSON NAYLOR, 16 Palace Arch Drive, Islington, Ontario	Director	Executive Officer, Traders Group Limited
DAVID WALTER PAGE PRETTY, 206 St. Leonards Avenue, Toronto, Ontario	Director	Executive Officer, North American Life Assurance Company
ROSS MARLTON WILLMOTT, Penthouse 22, 400 Walmer Road, Toronto, Ontario	Director	President, Traders Group Limited
KENNETH BROCKLEHURST, 1706 Ruscombe Close, Clarkson, Ontario	Vice-President, Construction	Executive of the Company
HAROLD FEALDMAN, P.Eng., 1 Masters Road, Willowdale, Ontario	Vice-President, Contracting	Executive of the Company
ALLEN CARLETON MORGAN, 21 Goodyear Crescent, Willowdale, Ontario	Vice-President, Design	Executive of the Company

<u>Name and home address</u>	<u>Office</u>	<u>Principal occupation</u>
MARTIN SEATON, C.A..... 23 Woodthrush Court, Willowdale, Ontario	Secretary-Treasurer.....	Executive of the Company
MEYER ABRAHAM SHEAR..... 39 Pannahill Road, Downsview, Ontario	Vice-President, Property..... Operations	Executive of the Company
ROBERT LOUIS STROM..... 52 Montessor Drive, Willowdale, Ontario	Vice-President, Marketing....	Executive of the Company

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company for the fiscal year ended December 31, 1967 was \$134,555 and for the 10 months ended October 31, 1968 was \$155,738.

RIGHTS TO PURCHASE COMMON SHARES OF THE COMPANY

Under the Company's share purchase plans a total of 383,000 Common Shares (after giving effect to the stock split) in the capital of the Company was reserved for issuance on October 31, 1968 upon the exercise of certain rights granted on that date to employees, including certain senior officers, upon the terms and for the prices set forth below:

<u>Rights held by</u>	<u>Common Shares covered by rights</u>	<u>Exercise price</u>
Senior officers of the Company.....	102,000 ⁽¹⁾	\$5.00 ⁽¹⁾
Certain employees of the Company.....	144,000 ⁽¹⁾	5.00 ⁽¹⁾
Other employees of the Company.....	136,300 ⁽²⁾	(3)
Employees of a subsidiary.....	700 ⁽²⁾	(3)

- (1) The 246,000 Common Shares made available by this plan have all been subscribed for with cash payment therefor deferred in varying amounts to 1978. Share certificates are deliverable only when fully paid for.
- (2) The employees covered by this plan are entitled subject to the terms of the plan to purchase Common Shares of the Company based upon a percentage of their salary. This plan will continue from year to year and accordingly it is impossible to estimate the number of shares covered by the plan. Based on current payroll the maximum number of shares which could be purchased by employees under this plan in 1968 would be approximately 46,400 of which approximately 30,300 have been issued.
- (3) Except with respect to shares issued in 1968 (which are issuable at an exercise price of \$5.00 payable in cash on or before June 18, 1969) the exercise price is payable over 24 months and is to be 90% of the lower of the market price of the Common Shares at the time of exercise and the market price of such shares at the time of final payment.

When these plans were established the Company was a private company and there was no ascertainable market value of the shares covered by the plan.

The Company has granted to North American, under the Amending Agreement referred to in subparagraph (a) on page 23, an option exercisable on or before August 31, 1987 to acquire 1,552,903 Common Shares of the Company and such additional Common Shares as will give North American about 15% of the Common Shares, if any, issued by the Company as and by way of a stock dividend to shareholders of the Company. The price for such shares is payable in cash and amounts to \$4.20 per share plus a proportionate amount by which the Company's surplus (as defined in the Amending Agreement) at the date of the exercise of the option exceeds its surplus as at June 30, 1967 less a pro rata adjustment on account of deferred taxes.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Prior to September 30, 1968 Cadillac Property Management, a partnership engaged in the business of management of revenue producing properties, was retained by the Company to manage most of its apartment and town house developments. For these services Cadillac Property Management was paid fees competitive with the prevailing rates for management, maintenance and initial rental services. The Company has acquired all the assets of the partnership and as indicated on page 7 under the subheading "Manage-

ment" has assumed direct responsibility for the management and operation of its apartment and town house projects. The assets of Cadillac Property Management included office equipment, trucks, accounts receivable and a small amount of cash on hand. The purchase price for said assets less liabilities was \$64,376 which amount will be paid in cash by the Company to the partnership.

The partners of Cadillac Property Management were John Daniels Limited, A. E. Diamond Limited, Robmar Investments Limited, G. J. Shear Limited and Sudbury Garage Properties Limited ("Sudbury"). Each of the companies referred to except Sudbury is controlled by a director and senior officer of the Company. Sudbury is controlled by Traders.

In the years ended October 31, 1966, 1967 and 1968 Mechanical Vending Company (a partnership of companies controlled by the principal shareholders of the Company other than Traders) paid fees to the Company for the right to install washing and drying machines in apartment buildings in which the Company has an interest. In 1966 the Company sold at its cost a small parcel of land to a trust established for a child of one of the directors and principal shareholders of the Company.

The Company has paid fees for legal services rendered by the law firm of which a director of the Company is a partner. C. P. Keeley, a director of the Company, is a director, officer and shareholder of McLeod, Young, Weir & Company Limited and as such has an interest in the underwriting agreement referred to on page 10.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business the only material contracts entered into by the Company or its subsidiaries within the two years prior to the date hereof which can reasonably be regarded as presently material to the purchasers of the Units offered by this prospectus are the following:

- (a) By agreement (the "Finance and Option Agreement") made as of November 30, 1967 between the Company, North American, the shareholders of the Company and Sudbury, North American obtained an option to acquire 15% of the outstanding shares of each class in the capital of the Company and agreed, subject to the terms and conditions of the Finance and Option Agreement, to purchase from the Company up to \$9,000,000 principal amount of the Company's debentures of which \$4,000,000 aggregate principal amount have been issued and taken up.

The Finance and Option Agreement has been cancelled by an agreement (the "Amending Agreement") made as of October 31, 1968 between the Company, Traders, North American, Sudbury and the other shareholders of the Company. Under the Amending Agreement, Traders agreed to surrender its two debentures of the Company in the aggregate principal amount of \$2,449,533 in exchange for \$1,748,313 principal amount Series A Debentures and \$701,220 principal amount Series B Debentures and North American agreed to surrender its debentures of the Company in the aggregate principal amount of \$3,950,000 (being the balance of the debentures above referred to) in exchange for \$1,970,000 principal amount Series C Debentures and \$1,980,000 principal amount Series D Debentures.

Under the Amending Agreement the Company has agreed to issue and North American has agreed to purchase, subject to certain conditions, up to \$5,000,000 aggregate principal amount of additional Debentures ("Additional North American Debentures") of the Company to be issued under the Trust Deed.

Under the Amending Agreement the Company has granted to North American the option referred to on page 22 under the heading "Rights to Purchase Common Shares of the Company" and the said agreement provides that if the aggregate cost of the Common Shares of the Company in respect of which North American exercises its option exceeds \$3,900,000 North American may set off such excess against its obligation to purchase Debentures so as to limit its total investment in the Company to \$12,900,000.

If and when the option is exercised the rate of interest on the Series C and D Debentures and any Additional North American Debentures will reduce to 7% per annum proportionately to the extent to which the option is exercised.

- (b) In January 1968 the Company and Cemp agreed to purchase 3,801,850 fully paid and non-assessable common shares of Canadian Equity from Canadian Breweries Limited, Windfields Farm Limited

and Caninvesco Limited (the "Vendors"). The purchase price was \$7.00 per share payable as to \$2.50 per share at closing (March 8, 1968), as to \$3.00 per share by six consecutive equal annual instalments of 50¢ each, the first of which is due and payable March 8, 1969 and as to the balance of \$1.50 per share on March 8, 1975.

CGS participated with the Company and Cemp in such purchase and, subsequently, on March 21, 1968, the Company, Cemp and CGS offered to purchase all the common shares of Canadian Equity held by the public for \$7.00 per share. The public shareholders tendered in the aggregate 956,884 shares which were purchased for cash on or about April 23, 1968.

The Company, Cemp and CGS acquired in the aggregate 4,758,734 common shares of Canadian Equity of which 2,074,367 (or about 43.5% of the issued shares) were acquired by each of the Company and Cemp and 610,000 (being about 13% of the issued shares) were acquired by CGS. Subsequently the Company disposed of 113,000 shares at its cost in part to a director of the Company and in part to its partner in Cadillac Homes. 13,074 of the shares acquired by the Company were and are owned beneficially by third parties. Accordingly the Company now owns beneficially 1,948,293 common shares of Canadian Equity being about 41% of the issued shares.

The Company has pledged its shares of Canadian Equity to secure the unpaid balance of the purchase price of the shares acquired from the Vendors and loans made by it from two Canadian chartered banks. The said shares will be released upon payment at the rate of \$7.00 per share. Cemp and CGS have made corresponding pledges of shares to the Vendors and to the banks and each of the Company, Cemp and CGS is jointly and severally liable to the Vendors and to the banks for the obligations of the other purchasers. The Company and Cemp have each agreed if requested by the other to sell to third parties up to approximately 20% of their present shareholdings in Canadian Equity.

As referred to on page 8 the Company is managing the development of the Erin Mills Lands for Don Mills and proposes to enter into a formal agreement with Don Mills in connection therewith.

- (c) The underwriting agreement referred to on page 10.
- (d) Agreements dated as of October 31, 1968 made between the Company and certain senior officers and employees providing for one of the share purchase plans referred to on page 22.
- (e) Agreement dated as of October 31, 1968 made between the Company and The Canada Trust Company providing for one of the share purchase plans referred to on page 22.
- (f) By agreements (the "Employment Agreements") made as of November 30, 1967 and to be amended as of October 31, 1968 between the Company and each of the Executives the Company agreed to hire each of the Executives for a term of 7 years ending November 30, 1974 subject to an extension of such term to October 1, 1976. Under the terms of the Employment Agreements Mr. A. E. Diamond is to serve as President of the Company and Messrs. J. Berman, J. H. Daniels and G. J. Shear are to serve as Executive Vice-Presidents of the Company.
- (g) The agreement to purchase the assets of Cadillac Property Management as at September 30, 1968 as referred to on page 22.

Copies of the foregoing contracts and of the Trust Deed and the Debenture and Share Deposit Agreements when executed may be examined during normal business hours at the head office of the Company during the period of primary distribution of the securities offered by this prospectus and for a period of 30 days thereafter.

PENDING LEGAL PROCEEDINGS

A writ was issued in the Supreme Court of Ontario on June 18, 1968 in which Murray Wortsman on behalf of himself and other shareholders of Wimco Industries (Eastern) Limited and Wimco Industries (Eastern) Limited are plaintiffs and Traders Realty Limited, John T. Hepburn, Limited, Jawija Holdings Limited, the Company and certain individuals are defendants. To date neither the writ nor the statement of claim has been served on the Company. A search in the Supreme Court Office in Toronto revealed that the plaintiffs' claims are, inter alia, for damages alleged to have been sustained by the plaintiffs by reason of the conspiracy of the defendants to obtain for the Company and others the shares of Continuous Colour Coat Limited and The Toronto Iron Works, Limited owned or controlled by the plaintiff, Wimco Industries

(Eastern) Limited and the plaintiff, Murray Wortsman, in order to thereby obtain control of Wimco Steel Sales Co. Limited, and for damages against the Company and others for their alleged conspiring to prevent Continuous Colour Coat Limited from paying certain moneys owed by it to Wimco Steel Sales Co. Limited and for conspiring to put forward a claim by Continuous Colour Coat Limited against Wimco Steel Sales Co. Limited. Management of the Company is of the view that this action against the Company is entirely without merit.

REGISTRARS AND TRANSFER AGENTS

Montreal Trust Company is the Registrar and Transfer Agent for Common Shares of the Company and Guaranty Trust Company of Canada is the Registrar and Transfer Agent for the Cumulative Preference Shares of the Company, both at their respective principal offices in Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

The Canada Trust Company is to be the trustee for the holders of the Debentures, including the Series E Debentures offered by this prospectus, and registers upon which fully registered Debentures shall be registered as to principal and interest and upon which transfers of such Debentures shall be registered will be kept with respect to the Series A, B, C and D Debentures by The Canada Trust Company at its principal office in Toronto and with respect to the Series E Debentures (together with registers upon which coupon Series E Debentures may be registered as to principal and upon which coupon Series E Debentures so registered as to principal may be transferred) at its principal offices in Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

The Company is the Registrar and Transfer Agent for the Non-Cumulative Preference Shares.

AUDITORS

The auditors of the Company are Messrs. Touche, Ross, Bailey & Smart, Chartered Accountants, 200 University Avenue, Toronto, Ontario.

CADILLAC DEVELOPMENT CORPORATION LIMITED
and Subsidiaries

Consolidated Balance Sheet and Consolidated Pro Forma Balance Sheet

July 31, 1968

ASSETS	Balance sheet	Pro forma balance sheet (Note 1)
Cash.....	\$ —	\$ 3,625,089
Accounts and mortgages receivable (Notes 3 and 12).....	6,717,420	6,717,420
Notes receivable from employees.....	—	1,500,000
Housing projects (Notes 4 and 9).....	7,024,557	7,024,557
Properties under development at cost (Notes 5 and 10).....	36,303,607	36,303,607
Income producing properties less accumulated depreciation of \$1,742,862 (Notes 6 and 11).....	91,475,371	91,475,371
Investment in affiliated companies (Notes 7 and 12).....	14,011,410	14,011,410
Prepaid expenses and sundry assets.....	1,225,099	1,225,099
Furniture, equipment and leasehold improvements at cost less accumulated depreciation of \$104,008.....	83,205	83,205
Organization and financing expenses less amortization.....	139,286	474,286
	<u>\$156,979,955</u>	<u>\$162,440,044</u>

LIABILITIES		
Bank indebtedness (Note 8).....	\$ 7,595,471	\$ 494,000
Accounts payable.....	8,364,233	8,364,233
Tenants security and other deposits.....	1,080,624	1,080,624
Mortgages on housing projects (Note 9).....	5,050,872	5,050,872
Mortgages and loans on properties under development (Note 10).....	24,085,311	24,085,311
Mortgages on income producing properties (Note 11).....	78,102,867	78,102,867
Secured loans (Note 12).....	13,461,454	13,461,454
Debentures (Note 13).....	6,444,364	9,444,364
Deferred income taxes (Note 14).....	939,000	939,000
	<u>145,124,196</u>	<u>141,022,725</u>
Minority interest in income producing property.....	175,701	175,701
	<u>145,299,897</u>	<u>141,198,426</u>

SHAREHOLDERS' EQUITY		
Capital stock (Note 15)		
Non-Cumulative Preference Shares.....	1,949,000	1,533,500
Cumulative Preference Shares.....	—	3,000,000
Common Shares (no par value).....	5,164,268	12,364,268
	<u>7,113,268</u>	<u>16,897,768</u>
Retained earnings.....	4,566,790	4,343,850
	<u>11,680,058</u>	<u>21,241,618</u>
Approved on behalf of the Board:		
(Signed) A. E. DIAMOND, Director	<u>\$156,979,955</u>	<u>\$162,440,044</u>
(Signed) J. BERMAN, Director		

CADILLAC DEVELOPMENT CORPORATION LIMITED
and Subsidiaries

Consolidated Statement of Income

	Seven months ended July 31		Year ended December 31			
	1968	1967	1967	1966	1965	1964
	(Unaudited)					
Rental Income.....	\$8,128,939	\$6,151,019	\$11,269,696	\$6,989,157	\$3,918,701	\$2,132,989
Property operating expenses.	3,646,584	2,723,639	4,905,805	2,806,990	1,638,186	946,986
Mortgage interest.....	2,747,029	2,110,160	3,869,292	2,361,011	1,330,160	687,111
Depreciation as originally reported.....	408,618	797,619	1,456,795	936,133	514,739	261,398
Depreciation adjustment (Note 6).....	—	(483,141)	(879,670)	(559,827)	(311,493)	(158,693)
	<u>6,802,231</u>	<u>5,148,277</u>	<u>9,352,222</u>	<u>5,544,307</u>	<u>3,171,592</u>	<u>1,736,802</u>
NET RENTAL INCOME.....	1,326,708	1,002,742	1,917,474	1,444,850	747,109	396,187
Sales of houses.....	4,326,628	2,713,758	4,563,238	7,066,113	6,903,544	4,613,003
Sales of land.....	2,438,750	—	—	770,560	—	—
	<u>6,765,378</u>	<u>2,713,758</u>	<u>4,563,238</u>	<u>7,836,673</u>	<u>6,903,544</u>	<u>4,613,003</u>
Cost of sales—houses.....	3,936,006	2,306,302	3,921,498	6,235,796	6,250,109	4,511,247
—land.....	1,839,156	—	—	500,173	—	—
	<u>5,775,162</u>	<u>2,306,302</u>	<u>3,921,498</u>	<u>6,735,969</u>	<u>6,250,109</u>	<u>4,511,247</u>
PROFIT ON SALES OF HOUSES AND LAND.....	990,216	407,456	641,740	1,100,704	653,435	101,756
OTHER INCOME, Including Construction Fees, Interest and Miscellaneous.....	25,055	427,777	626,271	98,159	332,687	320,824
	<u>2,341,979</u>	<u>1,837,975</u>	<u>3,185,485</u>	<u>2,643,713</u>	<u>1,733,231</u>	<u>818,767</u>
EXPENSES						
General and administrative	267,830	232,961	394,507	268,661	363,236	416,585
Interest other than mortgage interest on income producing properties...	184,607	40,202	108,789	80,717	135,809	55,040
Amortization of organization and financing expenses.....	12,497	11,120	21,313	18,161	17,861	5,123
	<u>464,934</u>	<u>284,283</u>	<u>524,609</u>	<u>367,539</u>	<u>516,906</u>	<u>476,748</u>
NET INCOME (Note 7).....	1,877,045	<u>\$1,553,692</u>	<u>\$ 2,660,876</u>	<u>\$2,276,174</u>	<u>\$1,216,325</u>	<u>\$ 342,019</u>
Deferred income taxes (Note 14).....	939,000					
NET INCOME (after deferred income taxes).....	<u>\$ 938,045</u>					

CADILLAC DEVELOPMENT CORPORATION LIMITED
and Subsidiaries

Consolidated Statement of Retained Earnings

	Seven months ended July 31		Year ended December 31			
	1968	1967 (Unaudited)	1967	1966	1965	1964
Retained earnings—January 1	\$4,460,625	\$2,431,517	\$2,431,517	\$ 697,975	\$ 161,329	\$ —
Net income for the period (Note 14).....	938,045	1,553,692	2,660,876	2,276,174	1,216,325	342,019
	<u>5,398,670</u>	<u>3,985,209</u>	<u>5,092,393</u>	<u>2,974,149</u>	<u>1,377,654</u>	<u>342,019</u>
Cash dividends						
Common shares.....	55,894	216,871	516,360	433,743	650,613	180,690
Preference shares.....	53,046	61,377	115,408	108,889	29,066	—
	<u>108,940</u>	<u>278,248</u>	<u>631,768</u>	<u>542,632</u>	<u>679,679</u>	<u>180,690</u>
Amount capitalized to pay in full for 22,294 Non-Cumula- tive Preference Shares issued as stock dividends.....	222,940	—	—	—	—	—
Provision for possible loss on investment in affiliated com- pany (Note 7).....	500,000	—	—	—	—	—
	<u>831,880</u>	<u>278,248</u>	<u>631,768</u>	<u>542,632</u>	<u>679,679</u>	<u>180,690</u>
Retained earnings—end of period.....	<u>\$4,566,790</u>	<u>\$3,706,961</u>	<u>\$4,460,625</u>	<u>\$2,431,517</u>	<u>\$ 697,975</u>	<u>\$ 161,329</u>

Consolidated Statement of Net Rental Cash Flow

	Seven months ended July 31		Year ended December 31			
	1968	1967 (Unaudited)	1967	1966	1965	1964
Net rental income.....	\$1,326,708	\$1,002,742	\$1,917,474	\$1,444,850	\$ 747,109	\$ 396,187
Add: Depreciation.....	408,618	314,478	577,125	376,306	203,246	102,705
	<u>1,735,326</u>	<u>1,317,220</u>	<u>2,494,599</u>	<u>1,821,156</u>	<u>950,355</u>	<u>498,892</u>
Less: First mortgage princi- pal repayments.....	471,378	372,242	669,513	501,617	297,833	195,162
Equipment replace- ments and building additions.....	47,463	3,054	14,627	54,530	15,111	40,609
	<u>518,841</u>	<u>375,296</u>	<u>684,140</u>	<u>556,147</u>	<u>312,944</u>	<u>235,771</u>
Consolidated net rental cash flow.....	<u>\$1,216,485</u>	<u>\$ 941,924</u>	<u>\$1,810,459</u>	<u>\$1,265,009</u>	<u>\$ 637,411</u>	<u>\$ 263,121</u>

CADILLAC DEVELOPMENT CORPORATION LIMITED

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Notes to Consolidated Financial Statements and Pro Forma Consolidated Financial Statements

July 31, 1968

1. Pro Forma

The consolidated pro forma financial statements are after giving effect to:

- (a) Subdivision of the unissued 483,640 Common Shares without par value into 7,400,214 Common Shares without par value and the 516,360 issued Common Shares into 7,599,786 Common Shares.
- (b) Increase in the authorized share capital by the creation of 400,000 Cumulative Preference Shares with a par value of \$25 each.
- (c) Decreasing the authorized share capital by cancelling the unissued Class B Preference Shares and redesignating the authorized and issued Class B Preference Shares as Non-Cumulative Preference Shares.
- (d) Issue of 1,200,000 Common Shares for a net aggregate consideration of \$5,700,000.
- (e) Issue of 120,000 Cumulative Preference Shares, First Series, for an aggregate consideration of \$3,000,000 and the payment of a commission in respect thereof of \$120,000.
- (f) Issue of \$3,000,000 8% Sinking Fund Debentures, Series E, less a discount of \$90,000.
- (g) Issue, subsequent to July 31, 1968 of 22,294 Non-Cumulative Preference Shares as stock dividends with a corresponding capitalization of retained earnings in the amount of \$222,940; and of 1,290 Non-Cumulative Preference Shares for an aggregate consideration of \$12,900.
- (h) Redemption of 65,134 Non-Cumulative Preference Shares for the sum of \$651,340.
- (i) Issue to certain employees or to trustees under employees' share purchase plans of 300,000 Common Shares without par value for an aggregate consideration of \$1,500,000.
- (j) Payment of \$7,101,471 of bank indebtedness.
- (k) Payment of expenses of issue estimated at \$125,000.

2. Consolidation

The accounts of all subsidiaries have been included in the consolidated financial statements. These financial statements include the proportionate share of the assets, liabilities and income and expenses pertaining to the Company's undivided interests in joint ventures and in a partnership engaged in house building.

3. Accounts and mortgages receivable

Accounts receivable.....	\$1,751,512
Mortgage advances re income producing properties under development.....	2,155,544
Balances due re sales of land.....	2,056,662
Mortgages taken back on sales of houses less reserve of \$151,099 (Note 12).....	753,702
	<u>\$6,717,420</u>

Approximately \$3,000,000 of these balances is due by December 31, 1968, \$1,500,000 by December 31, 1969 and \$1,000,000 by December 31, 1970. The amounts receivable subsequent to December 31, 1970 are primarily with respect to balances due re sales of land and the agreements with the purchasers provide for earlier payment in the event that development takes place prior to the maturity dates.

4. Housing projects

Land and construction costs re houses under construction.....	\$ 2,085,311
Land designated primarily for house construction.....	4,939,246
	<u>\$ 7,024,557</u>

5. Properties under development

Income producing properties under construction including land and construction costs.....	\$25,244,247
Land, including land deposits, designated primarily for development as income producing properties.....	11,059,360
	<u>\$36,303,607</u>

6. Income producing properties

These properties are stated on the basis of cost except in the case of certain properties which were appraised in July, 1963, and are stated at approximately \$2,900,000 in excess of cost which amount is included in common share capital.

Depreciation on the building portion was previously recorded on the straight-line basis at 2% per annum of cost. The Company has now adopted the sinking fund method of depreciation under which an increasing amount, consisting of a fixed annual sum together with interest compounded at the rate of 5% per annum, is charged to income so as to fully depreciate the buildings over a fifty year period. The Consolidated Statements of Income and Retained Earnings have been re-cast so as to

record depreciation on this basis. Depreciation on equipment has been provided on the straight-line basis at 10% per annum of cost.

7. Investment in affiliated companies

Canadian Equity & Development Company Limited.....	\$13,733,336
Other.....	278,074
	<u>\$14,011,410</u>

The Company owns approximately 41% of the issued common shares of Canadian Equity & Development Company Limited which were purchased during the year and are being carried at cost. Other investments include primarily shares of companies which own income producing properties such shares having been acquired in 1963 at amounts based upon appraisals of real property owned by such companies. The Company has provided the amount of \$500,000 for possible loss on an investment. The investment was not in the course of the Company's ordinary operations and accordingly the provision has been charged to retained earnings for the seven months ended July 31, 1968 rather than to income.

8. Bank indebtedness

\$4,970,000 of this amount is secured by general assignments of accounts receivable and assignments of proceeds of mortgage loans.

9. Mortgages on housing projects

Mortgage advances on houses under construction (a).....	\$ 1,431,118
Mortgages on land (b).....	3,619,754
	<u>\$ 5,050,872</u>

- (a) These amounts were received with respect to first mortgages on individual sale housing units and will be assumed by the purchasers of such units.
- (b) These will be discharged out of the proceeds of first mortgage financing relative to house construction which, it is anticipated, will commence prior to the maturity dates of the mortgages. To the extent that mortgages mature prior to the dates that construction commences, these mortgages, in the opinion of management, may be renewed or replaced on similar terms.

10. Mortgages on properties under development

Mortgage advances on income producing properties under construction (a).....	\$16,191,311
Land mortgages on income producing properties under construction.....	1,306,103
Mortgages on land (b).....	6,587,897
	<u>\$24,085,311</u>

- (a) These amounts were received with respect to first mortgages on the properties. Further amounts will be received as construction of the respective properties progresses. Included in this amount is a special bank loan of \$1,375,000 which will be discharged out of the proceeds of a mortgage on a specific income producing property. This balance also includes \$311,143 of liabilities with respect to the purchase of appliances for income producing properties, secured by second mortgages on the respective properties, generally repayable in equal monthly instalments over a five year period.
- (b) These will be discharged out of the proceeds of first mortgage financing relative to construction of income producing properties which, it is anticipated, will commence prior to the maturity dates of the mortgages. To the extent that mortgages mature prior to the dates that construction commences, these mortgages, in the opinion of management, may be renewed or replaced on similar terms.

11. Mortgages on income producing properties

These bear interest at an average rate of 6.57% per annum and are repayable as to principal approximately as follows:

5 months ending December 31, 1968.....	\$ 518,150
Year ending December 31, 1969.....	1,365,315
Year ending December 31, 1970.....	1,390,070
Year ending December 31, 1971.....	1,240,000
Year ending December 31, 1972.....	1,335,400
Year ending December 31, 1973.....	1,414,100
Year ending December 31, 1974.....	1,492,700
Year ending December 31, 1975.....	1,594,500
Year ending December 31, 1976.....	1,711,400
Year ending December 31, 1977.....	1,823,500
Year ending December 31, 1978.....	1,941,300
Subsequent to December 31, 1978.....	62,276,432

12. Secured loans

Secured by shares of Canadian Equity & Development Company Limited (Note 7).....	\$12,927,088
Secured by \$673,226 of the \$753,702 of mortgages taken back on sales of houses.....	534,366
	<u>\$13,461,454</u>

Of this amount \$7,456,162 is non-interest bearing, the interest rate on the balance being approximately 7½%. These balances are repayable as to principal approximately as follows:

5 months ending December 31, 1968.....	\$ 32,766
Year ending December 31, 1969.....	1,673,156
Year ending December 31, 1970.....	1,555,556
Year ending December 31, 1971.....	1,383,556
Year ending December 31, 1972.....	1,383,556
Subsequent to December 31, 1972.....	7,432,864

13. Debentures

6½% Series A, due May 14, 1969 and renewable by the Company for two periods of five years each, subject to certain issue tests, and is repayable in equal monthly instalments of \$14,810 including principal and interest. The rate of interest may be adjusted at each renewal date to 1% above prime bank rate.....	\$1,764,536
8½% Series B, due August 1, 1970, repayable in equal monthly instalments of \$7,790 including principal and interest.....	709,828
8½% Series C, due December 1, 1987, repayable in equal quarterly instalments of approximately \$52,000 including principal and interest.....	1,980,000
8½% Series D, due April 1, 1988, repayable in equal quarterly instalments of approximately \$52,000 including principal and interest.....	1,990,000
Total balance sheet.....	6,444,364
Pro forma balance sheet Series E, due December 15, 1988.....	3,000,000
Total pro forma balance sheet.....	<u>\$9,444,364</u>

The designation of the Debentures as Series A to D inclusive gives effect to the substitution of debentures of like principal amount and approximately similar terms, such substitution to occur at the time of issue of the Series E Debentures.

The Company will covenant to establish a sinking fund to retire principal amounts of Series E Debentures in each of the years 1969 to 1987 inclusive which will provide for the retirement of 90.5% of the original principal amount of Series E Debentures prior to maturity.

The Debentures rank pari passu and are a first floating charge on all the assets and property of the Company subject to any security which may be given to a Canadian chartered bank or banks and are secured by a specific charge on certain income producing properties owned by the Company. The specific charge may be discharged subject to certain conditions after January 1, 1970.

The Series C and Series D Debentures were issued pursuant to an agreement dated November 30, 1967 under which agreement, as amended, the Company may sell on or before August 31, 1978 a further \$5,000,000 of similar Debentures in series to a lender which will be required to purchase such Debentures provided the Company meets certain issue tests as set forth in such agreement. The Company has granted to such lender an option expiring August 31, 1987 to subscribe for up to 1,552,903 Common Shares of the Company. The option price is \$4.20 per share, after giving effect to the subdivision of Common Shares (Note 1 (a)) plus a pro rata share of the earnings, as defined, applicable to the Common Shares from June 30, 1967 until the date of purchase. If and when the option is exercised the rate of interest on Series C and Series D Debentures and on any of the above mentioned similar Debentures will reduce to 7% per annum proportionately to the extent to which the option is exercised.

14. Income Taxes

Interest and other charges directly attributable to a property under development are capitalized as a cost of such property plus such portion of the general overhead and expenses as are considered applicable. These expenses, however, are written off for income tax purposes during the year incurred. For income tax purposes the Company is permitted to claim varying amounts of depreciation as determined from year to year which may exceed recorded depreciation.

For the four fiscal years ended December 31, 1967, deferred income taxes on the excess of income reported for financial statement purposes over taxable income were not reflected in the accounts. For the fiscal period ended July 31, 1968 the Company has recorded such deferred income taxes. Had deferred income taxes been recorded in the accounts during prior periods, the results of operations would have been as follows:

Period	Net Income	Deferred Income Taxes	Net Income (after Deferred Income Taxes)
7 months ended July 31, 1967 (unaudited).....	\$1,553,692	\$ 792,000	\$ 761,692
Year ended December 31, 1967.....	2,660,876	1,330,000	1,330,876
Year ended December 31, 1966.....	2,276,174	1,138,000	1,138,174
Year ended December 31, 1965.....	1,216,325	608,000	608,325
Year ended December 31, 1964.....	342,019	171,000	171,019

	Balance sheet	Pro forma balance sheet
15. Capital Stock		
Non-Cumulative Preference Shares (Note 1 (c))		
6% non-cumulative non-voting redeemable class A preference shares with a par value of \$10 each		
Balance sheet		
Authorized 356,026 shares		
Issued and fully paid 194,900 shares.....	\$ 1,949,000	
Pro forma balance sheet		
Authorized, issued and fully paid 153,350 shares.....		\$ 1,533,500
Cumulative Preference Shares		
Pro forma balance sheet		
Authorized 400,000 shares with a par value of \$25 each issuable in series		
Issued and fully paid, 120,000 6½% cumulative redeemable class B preference shares, first series.....		3,000,000
Common Shares		
Balance sheet		
Authorized 1,000,000 shares without par value		
Issued and fully paid 516,360 shares.....	5,164,268	
Pro forma balance sheet		
Authorized 15,000,000 shares without par value		
Issued and fully paid 9,099,786 shares.....		12,364,268
	<u>\$ 7,113,268</u>	<u>\$16,897,768</u>

An aggregate of 1,635,903 Common Shares are reserved for issue pursuant to the option granted to the holder of the Series C and D Debentures (Note 13) and in connection with the employees' share purchase plans (Note 1 (i)).

The trust deed for the Debentures and the provisions attaching to the Cumulative Preference Shares will contain restrictions on the payment of dividends on the Common Shares.

44,374 Non-Cumulative Preference Shares were issued and 11,974 were redeemed during the period ended July 31, 1968. See Notes 1 (g) and 1 (h) with respect to the issue and redemption of such shares subsequent to July 31, 1968.

16. Lease Obligations

Annual rentals payable under long term leases in effect at July 31, 1968 amount to \$201,442 during the years 1968 to 2061.

Annual rentals payable aggregating \$175,207 are to be renegotiated at the end of fifty years and again at the end of seventy-five years. Annual rentals payable aggregating \$26,235 are to be renegotiated at the end of forty years and at the end of sixty-six years.

17. Contingent Liabilities

The Company is contingently liable under guarantees of bank loans for affiliated companies in the amount of \$719,500. The Company has also guaranteed the obligations of Camp Investments Ltd. and Canadian General Securities Limited with respect to the acquisition of shares of Canadian Equity & Development Company Limited in the amount of \$16,734,400.

The Company is contingently liable for the obligations of its associates in joint venture developments. However, in each case all the assets of the joint venture are available for the purpose of satisfying such obligations.

AUDITORS' REPORT

To the Directors,
CADILLAC DEVELOPMENT CORPORATION LIMITED.

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Cadillac Development Corporation Limited and subsidiaries as at July 31, 1968 and the consolidated statements of income, retained earnings and net rental cash flow for the four years and seven months ended July 31, 1968. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion

- the accompanying consolidated balance sheet presents fairly the financial position of the Companies as at July 31, 1968,
- the accompanying pro forma consolidated balance sheet presents fairly the financial position of the Companies as at July 31, 1968 after giving effect to the changes set forth in Note 1,
- the accompanying consolidated statements of income and retained earnings present fairly the results of the operations of the Companies for the four years and seven months ended July 31, 1968,
- the accompanying statement of consolidated net rental cash flow presents fairly the "consolidated net rental cash flow" (as the term is to be defined in the Debenture Trust Deed) for the four years and seven months ended July 31, 1968,

all in accordance with generally accepted accounting principles applied on a consistent basis, except for the change, which we approve, described in Note 14 to the financial statements with respect to deferred income taxes.

Toronto, Ontario,
December 2, 1968

(Signed) TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The Securities Act, 1967 (Alberta), The Securities Act, 1967 (Saskatchewan) and The Securities Act, 1966 (Ontario) provide, in effect, that where a security is offered to the public in the course of primary distribution

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus and any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provides, in effect, that where a security is offered to the public in the course of primary distribution

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to Sections 63 and 64 of The Securities Act, 1967 (Alberta), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), Sections 63 and 64 of The Securities Act, 1966 (Ontario), and Sections 61 and 62 of the Securities Act, 1967 (British Columbia) for the complete text of the provisions under which the foregoing rights are conferred.

Certificate of the Company

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967 (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario), by Section 13 of the Securities Act (New Brunswick) and the respective regulations thereunder.

Dated: December 2, 1968.

(Signed) A. E. DIAMOND
President

(Signed) M. SEATON
Secretary-Treasurer

On behalf of the Board

(Signed) J. H. DANIELS
Director

(Signed) JOSEPH BERMAN
Director

Directors

(Signed) A. E. DIAMOND

(Signed) J. H. MOORE by his attorney,
M. SEATON

(Signed) J. BERMAN

(Signed) G. J. SHEAR

(Signed) D. W. NAYLOR

(Signed) G. R. HEFFERNAN

(Signed) R. M. WILLMOTT

(Signed) THOMAS H. INGLIS

(Signed) C. P. KEELEY

(Signed) E. A. GOODMAN

(Signed) W. W. EVANS

(Signed) J. H. DANIELS

(Signed) D. W. PRETTY

Certificate of the Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967 (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario), by Section 13 of the Securities Act (New Brunswick) and the respective regulations thereunder and there is no further material information applicable other than in the financial statements or other reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

McLEOD, YOUNG, WEIR & COMPANY LIMITED
by (Signed) L. E. BARLOW

PITFIELD, MACKAY, ROSS & COMPANY LIMITED
by (Signed) R. L. HUNTER

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of:

McLeod, Young, Weir & Company Limited: J. S. Dinnick, G. C. MacDonald, F. O. Evans, C. P. Keeley, R. W. Wadds, J. R. Hilborn and R. J. G. Reiner; and

Pitfield, Mackay, Ross & Company Limited: W. C. Pitfield, H. H. Mackay, D. L. Torrey, R. L. Hunter, W. Y. Soper, J. M. Arbour, A. F. MacAllaster and D. C. Mackay.

SCHEDULE

Provisions attaching to the Non-Cumulative Preference Shares

The 6% non-cumulative non-voting non-participating redeemable Class A preference shares (hereinafter called the "Non-Cumulative Preference Shares") have attached thereto the following preferences, rights, conditions, restrictions, limitations and prohibitions:

- (1) The holders of the Non-Cumulative Preference Shares, in priority to the holders of the Common Shares and any other shares ranking junior to the Non-Cumulative Preference Shares, shall be entitled to receive and the Company shall pay thereon, as and when declared by the board of directors of the Company out of the moneys of the Company properly applicable to the payment of dividends, fixed preferential non-cumulative cash dividends at the rate of six per cent (6%) per annum on the amounts from time to time paid up thereon; any moneys from time to time properly applicable to the payment of dividends in any fiscal year may, in the discretion of the directors and to the extent that the directors shall so determine, be applied in the payment of dividends upon the Non-Cumulative Preference Shares; the board of directors shall be entitled from time to time to declare part of the said preferential non-cumulative cash dividend for any fiscal year notwithstanding that such dividend for such fiscal year shall not be declared in full; if within four (4) months after the expiration of any fiscal year of the Company the board of directors in its discretion shall not declare the said dividend or any part thereof on the Non-Cumulative Preference Shares for such fiscal year, then the rights of the holders of the Non-Cumulative Preference Shares to such dividend or to any undeclared part thereof for such fiscal year shall be forever extinguished; the holders of the Non-Cumulative Preference Shares shall not be entitled to any dividends other than or in excess of the preferential non-cumulative cash dividends hereinbefore provided for;
- (2) Except with the consent in writing of the holders of all the Non-Cumulative Preference Shares outstanding, no dividends shall at any time be declared or paid upon or set aside for the Common Shares or any other shares of the Company ranking junior to the Non-Cumulative Preference Shares other than the Cumulative Class B Preference Shares in any fiscal year unless and until the preferential non-cumulative cash dividend on all the Non-Cumulative Preference Shares outstanding in respect of such fiscal year has been declared and paid or set aside for payment;
- (3) In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Non-Cumulative Preference Shares shall be entitled to receive from the assets and property of the Company a sum equivalent to the amount paid up on the Non-Cumulative Preference Shares held by them respectively, together with all declared and unpaid preferential non-cumulative cash dividends thereon before any amount shall be paid or any property or assets of the Company distributed to the holders of any Cumulative Class B Preference Shares or Common Shares or shares of any other class ranking junior to the Non-Cumulative Preference Shares; after payment to the holders of the Non-Cumulative Preference Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Company;
- (4) The Company may at any time or times purchase (if obtainable) for cancellation all or some of the Non-Cumulative Preference Shares outstanding from time to time either by private contract or by invitation for tenders addressed to all the holders of record of the Non-Cumulative Preference Shares outstanding at the lowest price at which in the opinion of the directors such shares are obtainable but not exceeding the amount paid up thereon plus costs of purchase and all declared and unpaid preferential non-cumulative cash dividends thereon; if upon any invitation for tenders under the provisions of this clause the Company shall receive tenders of Non-Cumulative Preference Shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the Non-Cumulative Preference Shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Non-Cumulative Preference Shares so tendered by each of the holders of Non-Cumulative Preference Shares who submitted tenders at the said same lowest price;
- (5) The Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Non-Cumulative Preference Shares on payment for each

share to be redeemed of the amount paid up thereon, together with any declared and unpaid preferential non-cumulative cash dividends thereon;

- (6) In any case of redemption of Non-Cumulative Preference Shares under the provisions of the last preceding clause (5) hereof the Company shall at least twenty (20) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Non-Cumulative Preference Shares to be redeemed a notice in writing of the intention of the Company to redeem such Non-Cumulative Preference Shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure to give any such notice to one (1) or more of such shareholders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Non-Cumulative Preference Shares to be redeemed the redemption price thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates representing the Non-Cumulative Preference Shares called for redemption; such Non-Cumulative Preference Shares shall thereupon be redeemed; if a part only of the shares represented by any certificate be redeemed a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice the holders of the Non-Cumulative Preference Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the shareholders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Non-Cumulative Preference Shares as aforesaid to deposit the redemption price of the shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Non-Cumulative Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Non-Cumulative Preference Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively;
- (7) The holders of the Non-Cumulative Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company and shall not be entitled to vote at any such meeting; the holders of the Non-Cumulative Preference Shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof; and
- (8) Any authorization required by subsection 4 of Section 33 of The Corporations Act may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Non-Cumulative Preference Shares duly called for that purpose.

Provisions attaching to the Cumulative Preference Shares as a Class

The Cumulative Class B preference shares (hereinafter called the "Cumulative Preference Shares") as a class, have attached thereto the following preferences, rights, conditions restrictions, limitations and prohibitions:

- (1) The Cumulative Preference Shares may at any time or from time to time be issued in one (1) or more series, each series to consist of such number of shares as may before the issue thereof be determined by the directors of the Company. The directors of the Company may (subject as hereinafter provided)

by resolution fix from time to time before the issue thereof the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Cumulative Preference Shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, conversion rights (if any) and any sinking fund or other provisions, the whole subject to the issue of supplementary letters patent setting forth the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Cumulative Preference Shares of such series;

- (2) The Cumulative Preference Shares of each series shall be entitled to preference over the Common Shares of the Company and any other shares ranking junior to the Cumulative Preference Shares with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the Common Shares of the Company and any other shares ranking junior to the Cumulative Preference Shares as may be determined as to the respective series authorized to be issued;
- (3) The Cumulative Preference Shares of each series shall rank junior to the Non-Cumulative Preference Shares and on a parity with the Cumulative Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs and shall be subject to the preferences, rights, conditions restrictions, limitations and prohibitions attaching to the Non-Cumulative Preference Shares with respect to payment of dividends and the distribution of assets;
- (4) The holders of the Cumulative Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate eight (8) quarterly dividends on the Cumulative Preference Shares of any one (1) series on the dates on which the same should be paid according to the terms thereof and until eight (8) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter the holders of the Cumulative Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each Cumulative Preference Share held and shall be entitled, voting separately and as a class, to elect two (2) members of the board of directors of the Company if the board consists of seven (7) or fewer directors, or three (3) members of the board of directors if the board consists of more than seven (7) directors, and shall continue to be entitled to notice and so to attend and vote until such time as all arrears of dividends on all outstanding Cumulative Preference Shares of each series shall have been paid, whereupon the rights of holders of Cumulative Preference Shares to receive notice of meetings and attend thereat and vote in respect of such Cumulative Preference Shares shall cease unless and until eight (8) quarterly dividends on the Cumulative Preference Shares of any one (1) series shall again be outstanding and unpaid whereupon the holders of the Cumulative Preference Shares shall again have the right to receive notice and attend and vote as above provided and so on from time to time. Nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors.

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Cumulative Preference Shares as herein provided or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty (20) days' written notice and which shall be called by the Secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding Cumulative Preference Shares. In the default of the calling of such general meeting by the

Secretary within five (5) days after the making of such request, such meeting may be called by a holder of record of Cumulative Preference Shares.

Any vacancy or vacancies occurring among members of the board elected to represent the holders of Cumulative Preference Shares in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director or directors elected to represent the holders of Cumulative Preference Shares but if there be no such remaining director or directors the board may elect or appoint sufficient holders of Cumulative Preference Shares to fill the vacancy or vacancies. Whether or not such vacancy or vacancies are so filled by the board, the holders of record of at least one-tenth (1/10) of the outstanding Cumulative Preference Shares shall have the right to require the Secretary of the Company to call a meeting of the holders of Cumulative Preference Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting.

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the voting rights of the holders of the Cumulative Preference Shares, the term of office of the directors elected to represent the holders of Cumulative Preference Shares shall forthwith terminate and (ii) the holding of one (1) Cumulative Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Cumulative Preference Shares;

- (5) The authorization required by subsection 4 of section 33 of The Corporations Act, to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Cumulative Preference Shares as a class or to create preference shares ranking in priority to or on a parity with the Cumulative Preference Shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Cumulative Preference Shares duly called for that purpose;
- (6) The provisions contained in clauses (1) to (7) inclusive hereof may be deleted, varied, modified, amended or amplified by supplementary letters patent but only with the authorization of the holders of the Cumulative Preference Shares given as specified in clause (7) hereof; and
- (7) Any authorization required to be given by the holders of the Cumulative Preference Shares hereunder (in addition to or as distinct from any vote or authorization required by The Corporations Act) shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a general meeting of the holders of Cumulative Preference Shares duly called for that purpose and held upon at least fifteen (15) days' notice at which the holders of at least a majority of the outstanding Cumulative Preference Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Cumulative Preference Shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Cumulative Preference Shares are not present or represented by proxy within one-half ($\frac{1}{2}$) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the Chairman and not less than fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Cumulative Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast at such meeting shall constitute the authorization of the holders of the Cumulative Preference Shares referred to above. The formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders.

Provisions attaching to the Cumulative Preference Shares, First Series

The 6 $\frac{1}{2}$ % Cumulative Redeemable Class B Preference Shares, First Series (hereinafter called the "Cumulative Preference Shares, First Series") in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Cumulative Preference Shares as a class, have attached thereto the following rights, conditions, restrictions, limitations and prohibitions:

- (1) The holders of the Cumulative Preference Shares, First Series shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the

Company properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at the rate of \$1.62½ per share per annum payable by quarterly instalments of 405⁄₈¢ each on the fifteenth days of March, June, September and December in each year; such dividends shall accrue from December 18, 1968 if so determined by the board of directors of the Company or if not so determined, then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted) shall be issued in respect of such dividends and payment thereof shall satisfy such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all of the Cumulative Preference Shares, First Series then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of Cumulative Preference Shares, First Series shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for;

- (2) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Cumulative Preference Shares, First Series shall be entitled to receive an amount equal to the redemption price per share (as set forth in clause (5) hereof) current at the time of the liquidation, dissolution, winding up or other distribution, before any amount shall be paid or any property or assets of the Company distributed to the holders of any of the Common Shares or any other shares of the Company ranking junior to the Cumulative Preference Shares, First Series with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company; after payment to the holders of Cumulative Preference Shares, First Series of the amount so payable to them, such holders shall not be entitled to share in any further distribution of the property or assets of the Company;
- (3) The Company shall not redeem, purchase, reduce or otherwise pay off less than all of the Cumulative Preference Shares then outstanding unless all dividends, up to and including the dividend payable on the last preceding dividend payment date, on all the Cumulative Preference Shares then issued and outstanding shall have been declared and paid or provided for;
- (4) Subject to the provisions of clause (3) hereof, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Cumulative Preference Shares, First Series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Cumulative Preference Shares, First Series outstanding at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable but not exceeding an amount equal to the redemption price per share (as set forth in clause (5) hereof) current at the time of such purchase plus costs of purchase; if upon any invitation for tenders under the provisions of this clause more Cumulative Preference Shares, First Series, are tendered at a price or prices acceptable to the Company than the Company is willing to purchase, the Company will accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Company is prepared to purchase, the shares tendered at that price will be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Cumulative Preference Shares, First Series, so tendered by each of the holders of Cumulative Preference Shares, First Series who submitted tenders at that price;
- (5) Subject to the provisions of clause (3) hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Cumulative Preference Shares, First Series on payment for each share to be redeemed of the amount set forth below, namely:
 - (a) if redeemed on or before December 15, 1972, the sum of \$26.25 per share;
 - (b) if redeemed thereafter and on or before December 15, 1976, the sum of \$26.00 per share;
 - (c) if redeemed thereafter and on or before December 15, 1980, the sum of \$25.75 per share;
 - (d) if redeemed thereafter and on or before December 15, 1984, the sum of \$25.50 per share;
 - (e) if redeemed thereafter and on or before December 15, 1988, the sum of \$25.25 per share;
 - (f) if redeemed thereafter, the sum of \$25.00 per share

in each case together with all accrued and unpaid dividends thereon (which for such purposes shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of redemption). Any such amount together with such dividends is herein referred to as the "redemption price";

- (6) In any case of redemption of Cumulative Preference Shares, First Series under the provision of clause (5) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Cumulative Preference Shares, First Series to be redeemed a notice in writing of the intention of the Company to redeem such Cumulative Preference Shares, First Series, such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Cumulative Preference Shares, First Series held by the person to whom such notice is addressed is to be redeemed, the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Cumulative Preference Shares, First Series to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates representing the Cumulative Preference Shares, First Series so called for redemption, such payment shall be made by cheque payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted); if part only of the Cumulative Preference Shares, First Series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the Cumulative Preference Shares, First Series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Cumulative Preference Shares, First Series as aforesaid to deposit the redemption price of the Cumulative Preference Shares, First Series so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Cumulative Preference Shares, First Series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, Cumulative Preference Shares, First Series in respect of which such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company;
- (7) Subject as hereinafter provided and subject to the provisions of clause (3) hereof, so long as any of the Cumulative Preference Shares, First Series are outstanding, the Company shall, commencing in 1969 and in each calendar year thereafter apply to the retirement of Cumulative Preference Shares, First Series by purchase for cancellation an amount equal to two per cent (2%) of the aggregate par value of the number of Cumulative Preference Shares, First Series issued and outstanding at the beginning of each such year; provided that no such purchase shall be required to be made in any year except to the extent that Cumulative Preference Shares, First Series are available for purchase in the open market by the Company in such year at a price not exceeding an amount equal to \$25 per share, plus costs of purchase; and provided further that the Company shall not purchase any Cumulative Preference Shares, First Series for cancellation in accordance with the provisions of this clause (7) if such purchase would render the Company insolvent; and provided further that any amount not so applied in any calendar year by reason of the foregoing provisos shall not be required to be so applied in any succeeding calendar year;

- (8) The Company shall not without, but may from time to time with, the authorization of the holders of the Cumulative Preference Shares, First Series given as specified in clause (11) hereof:
- (a) increase the authorized amount of Cumulative Preference Shares or Non-Cumulative Preference Shares or create any class of shares ranking in priority to or on a parity with the Cumulative Preference Shares, First Series, or change any of the preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Non-Cumulative Preference Shares with respect to payment of dividends or distribution of assets, or
 - (b) issue any further series of Cumulative Preference Shares (any such Cumulative Preference Shares being hereinafter in this subclause (b) called "Additional Shares") in addition to the 120,000 Cumulative Preference Shares, First Series unless:
 - (i) the average annual Consolidated Net Income for the two completed fiscal years immediately preceding the date of issue of such Additional Shares shall have been at least equal to two and one-half ($2\frac{1}{2}$) times the maximum annual dividend requirements on all the Cumulative Preference Shares and Non-Cumulative Preference Shares to be outstanding immediately after such issue, and
 - (ii) Consolidated Assets less Consolidated Liabilities amount to at least twice the aggregate par value of all the Cumulative Preference Shares and Non-Cumulative Preference Shares to be outstanding immediately after such issue,provided that for the purpose of subsections (i) and (ii) above any Cumulative Preference Shares or Non-Cumulative Preference Shares outstanding at the time of any issue of Additional Shares as aforesaid which are to be retired within sixty (60) days following such time shall be deemed not to be outstanding immediately after such issue of Additional Shares if such outstanding Cumulative Preference Shares or Non-Cumulative Preference Shares shall have been duly called for redemption as of a date within such period of sixty (60) days and if adequate provision has been made assuring that such shares will be redeemed on the date specified for redemption, or
 - (c)
 - (i) declare or pay any dividends (other than stock dividends in shares of the Company ranking junior to the Cumulative Preference Shares) on any of its shares ranking junior to the Cumulative Preference Shares at any time outstanding, or
 - (ii) purchase, redeem, reduce or otherwise pay off or retire (except out of the net cash proceeds to the Company of an issue of its shares ranking junior to the Cumulative Preference Shares made after January 1, 1969 and prior to, or contemporaneously with, such purchase, redemption, payment off or retirement) any of its shares ranking junior to the Cumulative Preference Shares at any time outstanding, or
 - (iii) elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act as now enacted or as the same may from time to time be amended or re-enacted or elect to pay any tax under any similar provisions,
 - (A) unless all dividends, up to and including the dividend payable on the last preceding dividend date on all the Cumulative Preference Shares then issued and outstanding shall have been declared and paid or provided for, orif after giving effect thereto
 - (B) in the case of any action referred to in the foregoing subsection (i), the aggregate amounts declared and/or paid as dividends (other than stock dividends on shares ranking junior to the Cumulative Preference Shares) on shares of its capital stock subsequent to July 31, 1968 would exceed the aggregate of Consolidated Net Income subsequent to such date, or
 - (C) in the case of any action referred to in the foregoing subsection (ii) the sum of the aggregate amounts declared and/or paid as dividends (other than stock dividends in shares ranking junior to the Cumulative Preference Shares) on shares of its capital stock subsequent to July 31, 1968 and the aggregate amounts distributed and/or paid subsequent to such date on the purchase, redemption, reduction, other payment off or retirement of any of its shares ranking junior to the Cumulative Preference Shares and the aggregate amounts paid subsequent to such date as tax as referred to in the foregoing subsection (iii) would exceed the sum of the aggregate of Consolidated Net Income subsequent to such date and the net

cash proceeds of the Company of the issue after such date of any of its shares ranking junior to the Cumulative Preference Shares, or

- (D) in the case of any action referred to in the foregoing subsection (iii) the sum of the aggregate amounts declared and/or paid as dividends (other than stock dividends in shares ranking junior to the Cumulative Preference Shares) on shares of its capital stock subsequent to July 31, 1968 and the aggregate amounts paid subsequent to such date as tax as referred to in the foregoing subsection (iii) would exceed the aggregate of Consolidated Net Income subsequent to such date;
- (9) The provisions contained in clauses (1) to (11) hereof inclusive may be deleted, varied, modified, amended or amplified by supplementary letters patent but only with the authorization of the holders of the Cumulative Preference Shares, First Series given as specified in clause (11) hereof in addition to any vote or authorization required by The Corporations Act;
- (10) In these provisions the following terms shall have the following respective meanings:
 - (a) "Consolidated Assets" means all assets appearing on a consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with generally accepted accounting principles, excluding the amount, if any, at which goodwill, trade marks, trade mark rights, trade names, trade name rights, copyrights and other similar intangible assets (other than patents, patent rights, patent licences and franchises) and unamortized debt discount and expense appear on the asset side of such balance sheet and, in the case of any asset of the Company, excluding also the amount of any write-up of the value of such asset if made on the books of the Company subsequent to July 31, 1968, and, in the case of any asset of a Subsidiary, excluding also the amount of any write-up of the value of such asset if made on the books of such Subsidiary after the later of July 31, 1968, or a date 12 months prior to the date on which such Subsidiary became a Subsidiary;
 - (b) "Consolidated Liabilities" means all liabilities appearing on a consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with generally accepted accounting principles (including provision for deferred taxes) other than liability for capital stock, surplus or reserves (to the extent not required to be treated as liabilities in accordance with generally accepted accounting principles); contingent liabilities shall likewise be excluded, except to such extent (if any) as the directors in their discretion shall determine that special provision should be made in the accounts for meeting such contingent liabilities;
 - (c) "Consolidated Net Income" means all the gross earnings and income from all sources of the Company and its Subsidiaries less all administrative, selling and operating charges and expenses of every character arrived at on a consolidated basis in accordance with generally accepted accounting principles. Without limiting the generality of the foregoing, operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are charged to capital account in accordance with generally accepted accounting principles), rentals, licences, taxes (including taxes on income payable or deferred) and all interest and such provisions or allowances for bad and doubtful debts as the directors in their discretion, with the approval of the Company's auditors, may determine, and, in addition to actual expenditures for maintenance, reasonable allowance for depreciation. The net earnings and income of any Subsidiary for the purpose of this definition shall only include the net earnings and income of such Subsidiary from the date when such Subsidiary became a Subsidiary of the Company, subject as hereinafter provided.

If, at the time of determining Consolidated Net Income for any past period, the Company or any Subsidiary has acquired, is in the process of acquiring or proposes to acquire, any property or any shares of any other company (sufficient with any shares of such other company already owned by the Company or a Subsidiary, to result in such other company becoming a Subsidiary) and if the net proceeds of any then proposed issue of Cumulative Preference Shares are to be applied directly or indirectly towards the cost of or in reimbursement of the cost of the acquisition of such property or shares (as to which a resolution of the directors shall be conclusive and binding), then the net earnings and income or net losses of such property or such other company for the same past period (calculated in accordance with the provisions herein contained respecting Consolidated Net Income) shall, if in the opinion of the Company's auditors the Company has access to data

sufficient to enable such auditors to determine such net earnings and income or net losses, be treated as net earnings and income or net losses as the case may be in the computation of Consolidated Net Income.

Consolidated Net Income shall be determined by the auditors of the Company whose determination shall be conclusive and binding on the Company and the holders of shares of every class;

- (d) "Subsidiary" means any corporation or company of which more than fifty per cent (50%) of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or company) are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a subsidiary; and
- (11) Any authorization required to be given by the holders of Cumulative Preference Shares, First Series hereunder (in addition to or as distinct from any vote or authorization required by The Corporations Act) shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a general meeting of the holders of the Cumulative Preference Shares, First Series duly called for that purpose and held upon at least fifteen (15) days' notice at which the holders of at least a majority of the outstanding Cumulative Preference Shares, First Series are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Cumulative Preference Shares, First Series represented and voted at such meeting cast on a poll; if at any such meeting the holders of a majority of the outstanding Cumulative Preference Shares, First Series are not present or represented by proxy within one-half ($\frac{1}{2}$) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the chairman and not less than fifteen (15) days' notice shall be given of such adjourned meeting, but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Cumulative Preference Shares, First Series present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast at such meeting shall constitute the authorization of the holders of the Cumulative Preference Shares, First Series referred to above; the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders.

Any authorization required by subsection 4 of section 33 of The Corporations Act may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Cumulative Preference Shares, First Series duly called for that purpose.

CERTIFICATE

Pursuant to a resolution duly passed by its board of directors, Cadillac Development Corporation Limited hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

CADILLAC DEVELOPMENT CORPORATION LIMITED



Per: "A. E. DIAMOND",
President

Per: "M. SEATON",
Secretary-Treasurer

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

MCLEOD, YOUNG, WEIR & COMPANY LIMITED

Per: "L. E. BARLOW"

PITFIELD, MACKAY, ROSS & COMPANY LIMITED

Per: "G. PAVEY"

Per: "E. R. POPE"

DISTRIBUTION OF 6½% CUMULATIVE REDEEMABLE CLASS B PREFERENCE SHARES, FIRST SERIES STOCK AS OF JANUARY 15, 1969

Number		Shares
1,559	Holders of 1 — 24 share lots	21,249
638	" " 25 — 99 " "	28,598
116	" " 100 — 199 " "	13,845
22	" " 200 — 299 " "	4,960
5	" " 300 — 399 " "	1,586
5	" " 400 — 499 " "	2,094
16	" " 500 — 999 " "	10,373
9	" " 1000 — up " "	37,295
<u>2,370</u>	Shareholders	<u>Total Shares 120,000</u>

SUBSIDIARY OR CONTROLLED COMPANIES

<u>Name</u>	<u>Incorporation</u>	<u>Date</u>	<u>Authorized Capital</u>	<u>Par Value</u>	<u>Issued Capital</u>	<u>Percentage Owned</u>	<u>Nature of Business</u>
Bersher Investments Limited	Ontario Letters Patent	4/1/61	12,000 Class A Pref. 12,000 Class B Pref. 12,000 Class C Pref. 4,000 Common	\$ 1.00 \$ 1.00 \$ 1.00 \$ 1.00	54 Class C Pref. 12 Common	100	Investment real estate and land development
Briarhurst Realty Limited	Ontario Letters Patent	23/11/61	12,000 Class A Pref. 12,000 Class B Pref. 12,000 Class C Pref. 4,000 Common	\$ 1.00 \$ 1.00 \$ 1.00 \$ 1.00	380 Class C. Pref. 20 Common	75	Investment real estate
Cadco Construction (York) Limited	Ontario Letters Patent	20/6/68	3,600 Preference 4,000 Common	\$10.00 n.p.v.	100 Common	100	General contracting
Cadillac Construction Associates (Ontario) Limited	Ontario Letters Patent	3/12/63	36,000 Preference 4,000 Common	\$ 1.00 \$ 1.00	100 Common	100	Inactive
Didan Investments Limited	Ontario Letters Patent	4/1/61	12,000 Class A Pref. 12,000 Class B Pref. 12,000 Class C Pref. 4,000 Common	\$ 1.00 \$ 1.00 \$ 1.00 \$ 1.00	54 Class C Pref. 12 Common	100	Investment real estate and land development
Germond Investments Limited	Ontario Letters Patent	4/1/61	12,000 Class A Pref. 12,000 Class B Pref. 12,000 Class C Pref. 4,000 Common	\$ 1.00 \$ 1.00 \$ 1.00 \$ 1.00	54 Class C Pref. 12 Common	100	Investment real estate and land development
Humber Ridge Apartments Limited	Ontario Letters Patent	10/3/61	20,000 Common	\$10.00	16,700 Common	100	Investment real estate
Kamjak Investments Limited	Ontario Letters Patent	4/1/61	12,000 Class A Pref. 12,000 Class B Pref. 12,000 Class C Pref. 4,000 Common	\$ 1.00 \$ 1.00 \$ 1.00 \$ 1.00	54 Class C Pref. 12 Common	100	Investment real estate and land development
Riverlea Construction Limited	Ontario Letters Patent	4/9/57	36,000 Preference 4,000 Common	\$ 1.00 \$ 1.00	100 Common	100	Inactive
Urban York Limited	Ontario Letters Patent	8/3/67	3,600 Preference 4,000 Common	\$10.00 n.p.v.	8 Common	100	Inactive

